

ANNEX A – GFRA KEY VARIANCES AND MANAGEMENT ACTIONS

Table 1 - GF High Level Revenue Summary

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
Service	£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)
Net Cost of Services	206.623	224.304	17.680	22.622	(4.941)	(4.592)	22.272	18.512	3.760
Covid Funding	0.000	(29.107)	(29.107)	(29.107)	0.000	4.592	(33.699)	(29.310)	(4.389)
General Fund Requirement	206.623	195.197	(11.426)	(6.485)	(4.941)	0.000	(11.426)	(10.798)	(0.628)
Total Financing	(206.623)	(196.114)	10.509	10.590	(0.081)	0.000	10.509	10.590	(0.081)
Net Surplus / Deficit	0.000	(0.917)	(0.917)	4.105	(5.022)	0.000	(0.917)	(0.208)	(0.709)

Introduction

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, the outturn includes £22.622m of additional COVID-19 costs and loss of income and £10.590m transferred to reserves as identified in section 3.18 of the outturn report. This is offset by additional Government Grant funding £29.107m

GFRA FORECAST KEY VARIANCES AND MANAGEMENT ACTIONS

Table 2 - GF High Level Variations

Service Area	Adult Services	Responsible Officer	Victoria Collins	Variance £m	£0.770m
<p>Adult Services shows an overspend of £0.770m including COVID-19 costs and loss of income on Day Care and Continuing Health Care (CHC) of £4.551m and an underlying £3.782m underspend on non-COVID budgets. Key Variations:</p> <p>The COVID-19 pressures of £4.551m are made up of:</p> <ul style="list-style-type: none"> • Supported Living care - additional 1:1 cost to cover closure of Day Care, £1.279m • Care Homes – financial support and easement, £1.381m • Homecare – escalating cost of home care for service users unwilling to transfer into more cost-effective residential care, £0.268m • PPE costs, £0.214m • Day Care – loss of Continuing Healthcare (CHC) and Client contributions, £0.362m • Homeless and Rough Sleepers – hotel and accommodation costs, £1.047m <p>The COVID costs mask an underspend on non-COVID-19 forecast of £3.782m made up of:</p> <ul style="list-style-type: none"> • Direct Payments (DP), £1.015m - reduction in use of DP due to a lack of demand. We have found in recent years that DPs are not appropriate or practical, particularly for Frail Elderly service users. The reduction in use has not been matched by an increase in costs of greater Homecare, Day Care etc. In 21/22 we will re-align the Direct Payment Budget and vire £0.262m to cover the cost of establishing the Community Support Team as a permanent service within the Older People and Working Age Adults Assessment teams. 					

Part of the underspend has been earmarked to cover a shortfall in committed savings in the MTFP in this year and £0.250m in 2021/22.

- Homelessness Prevention & Access, £0.666m including the Homeless Prevention Fund balance.
- Staff, underlying underspend of £0.686m on Assessment, Review, Reablement, Mental Health, Sheltered and Day Services. This is due to a combination of disruption to the recruitment caused by COVID-19 and availability of the right calibre of staff.
- Additional temporary NHS Hospital Discharge, CHC and Client Contributions - £1.290m
- Commissioned Services underspend due to delay in remodelling services - £0.125m

Service Area	Public Health	Responsible Officer	Vicky Head	Variance £m	£0.000m
Key Variations:					
<ul style="list-style-type: none"> • Although the Public Health expenditure budget shows an overspend of £0.152m, this is offset by higher grant income held in financing, meaning the overall variation across Public Health is nil • The Public Health grant for 2020/21 is £11.642m. This includes an increase of £0.544m (4.7% increase) that follows successive cuts of 2.3%-2.6% year-on-year since 2016/17. Part of the increase in grant has been earmarked to fund the existing gap between committed expenditure and grant income. • A contribution of £1.156m was made to the Public Health Reserve. At Period 9 there was a forecasted contribution of £0.581m to the Public Health reserve, the additional £0.575m is attributable to staffing costs which have been offset by the Contain Outbreak Management Fund. • Due to 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 (£0.238m) and the Health Check service (£0.232m) due to the re-prioritisation of GP appointments. 					

- Further underspends are attributable to staffing vacancies across the shared service model; and an underspend (£0.114m) in Substance Misuse due to 19/20's payment by outcome not being achieved and a low number of Tier 4 rehab placements due to social distancing measures being enforced.
- As a result of COVID-19, the commencement of several one-off projects has been delayed. The impacted one-off projects will be rolled into 21/22 and are funding projects such as tackling knife crime and improving health outcomes on regeneration estates.

Service Area	Children's Services	Responsible Officer	Mac Heath	Variance £m	£0.401m
Children's Services shows an overspend of £0.401m including COVID-19 costs and loss of income of £1.619m and a £2.855m underspend on non-COVID-19 budgets.					
Key Variations:					
<ul style="list-style-type: none"> • Children's Social Work £0.121m – legal costs for children's services were overspent by £0.304m due to the number of cases and complexity of high cost cases. There was an overspend of £0.078m on supporting the No Recourse to Public Fund families due to the delays in Home Office applications being processed and transferring into permanent accommodation, however this was offset by an underspend of £0.099m in Section 17 support to families in need. The Children's Social Work Teams staffing budgets were underspent by £0.195m as a result of delays in recruitment and vacant posts. • Corporate Parenting £0.026m– The placements budget has an overall overspend of £0.468m. This includes the Regional Adoption Agency overspend of £0.155m due to the number of children being placed and the cost of inter-agency fees and remand placements overspend of £0.161m is as a result of incidents which took place during 2019, there are currently no young people in remand. The number of LAC has reduced from a peak in December 2019 at 428, reducing in April 2020 to 404 and reduced again in March 21 to 389. Whilst the number of LAC remains stable there have been several high cost placements in addition to secure placements being needed. There has recently been an Ombudsman ruling whereby all special guardianship carers are due a rate revision dating back to May 2018, the cost of this is expected to be £0.623m. The Corporate Parenting Team staffing budgets were underspent by £0.200m as a result of delays in recruitment and vacant posts. • Education Sufficiency, Access and Attendance £0.001m - Home to School Transport (£0.340m) contract costs overspent in 2019/20, and the higher weekly costs continued into 2020/21. However there have been one-off cost savings in-year due to transport not being delivered as a result of school closures and COVID-19 grant funding from the government. The amount of additional costs as a direct result of COVID-19 was reviewed by Internal Audit as per the grant assurance. Whitehouse 12FE 					

Secondary School £0.300m - School Building Contract has received a Compensation Event claims under the NEC 3 form of contract for the direct and indirect costs related to the impact on the project of the COVID-19 pandemic. An additional contribution of £0.300m, funded by revenue contribution, is required to deliver the project. The offer reduces future risk to any further changes in legislation associated with the pandemic.

- Youth and Community **£0.282m** – £0.471m pressures across the service due to a loss of income as services cease to be offered or are offered at reduced capacity due to the impact of COVID. This has been offset by a restructure within Youth MK and reduced spend across the service.
- Special Educational Needs and Disabilities (**£0.133m**) – The short breaks scheme has an underspend of (£0.084m), as families have been unable to use their vouchers due to the lockdown measures. Several schools have also not been able to carry out short break activities which they have previously facilitated, and therefore this has increased the underspend. Children with Disabilities direct payments are forecasting an underspend of (£0.031m). During the pandemic, packages remained steady at 170 during the months of July 2020 and October 2020, whilst several packages were unable to be delivered due to families shielding or providers not having capacity due to COVID-19. Packages increased slowly to 187 by the end of the financial year.
- 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.

Service Area	Policy, Insight & Communications	Responsible Officer	Sarah Gonsalves	Variance £m	£0.807m
Key Variations:					
<ul style="list-style-type: none"> • A provision has been made for the loss of income from the casino, due to the mandatory closure as a result of government restrictions • £0.325m Customer Services savings target was deferred due to COVID-19. A business restructure was recently completed but the saving is not going to be realised until next financial year. 					

Service Area	Strategy & Futures	Responsible Officer	Tracey Aldworth	Variance £m	(£0.013m)
Key Variations:					
<ul style="list-style-type: none"> • There were no key variations to budget in this area. 					

Service Area	Housing & Regeneration	Responsible Officer	Stuart Proffitt	Variance £m	£0.007m
Key Variations:					
<ul style="list-style-type: none"> • There were no key variations to budget in this area. 					

Service Area	Planning, Strategic Transport and Placemaking	Responsible Officer	Paul Thomas	Variance £m	£1.293m
Key Variations:					
<ul style="list-style-type: none"> • Planning income is lower than budget by £1.046m and the leisure contract income is down by £0.246m and having to incur additional one-off costs of £0.160m to support the contract for 7 months. The cost of planning appeals has been £0.154m • Development Management salaries are under by £0.198m due to a delay in filling posts in the restructure or posts being filled internally 					

Service Area	Environment & Property	Responsible Officer	Stuart Proffitt	Variance £m	£12.737m
<p>Environment & Property shows an overspend of £12.737m including COVID-19 costs and loss of income of £12.714m and a £1.829m underspend on non-COVID-19 budgets.</p>					
<p>Key Variations:</p>					
<ul style="list-style-type: none"> <li data-bbox="176 411 2058 497">• COVID-19 related loss of income - car parking of £10.308m, new MSCP £0.523m, Sponsorship £0.442m, Registration Services of £0.106m (however, most are re-booking), Taxi licencing of £0.219m. <li data-bbox="176 545 2058 667">• The key COVID-19 related costs are - £0.924m additional waste tonnage and contamination costs and £0.316m temporary mortuary, burial costs and statutory enforcement costs (lockdown 1 and 3) along with £0.225m added costs in property for PPE and building related expenses and office conversions to make working spaces COVID-19 compliant. <li data-bbox="176 715 2058 922">• There are COVID-19 related savings - £0.635m reduced car parking contract costs due to suspension of enforcement during lockdown and no new technology introduced. There are £0.125m less cost at the household waste recycling centres after the purchase of a new booking system which will result in on going savings. There was reduced NNDR costs at the Elder Gate MSCP in 20/21, a saving of £0.100m and other borrowing/operational savings of £0.218m. Bereavement income was £0.155m more than budget following increased deaths in January and February. <li data-bbox="176 970 2058 1273">• Non COVID-19 related pressures relate to £0.440m for Whitehouse Health Centre whereby there was a delay in the premises being occupied this year (although this is an in-year pressure as work has been successful in attracting tenants for all of the building next year). There is also a phasing pressure of £0.188m at Saxon Court due to the early departure of the tenants (netted of by reduced running costs) and £0.269m additional facility management and building repairs costs due to reactive works. In addition, there is £0.207m of income pressures in property relating to rental at Civic and other non-operational buildings that has previously been offset by added income in other areas/reduced costs. As noted as a risk in the latter months of 20/21, winter maintenance costs were £0.271m in excess of budget due to wet and cold weather conditions. <li data-bbox="176 1321 2058 1476">• There are additional waste tonnage costs and a reduction in energy grants (LECs) that have been incurred since 2018/19 that were under accrued by £0.215m and £0.098m that relate to this year. Insurance costs at the RWTP have increased and the contract states that this, in part, falls to the council; the cost for 20/21 is £0.170m and will be an on-going new pressure. This is offset to a degree by in year reduced food and garden waste collection and disposal costs and increased income of £0.104m. 					

- Finally, there are savings of £0.800m as a result of agreeing a revised, reduced payment mechanism for concessionary fares and reduced street lighting costs of £0.260m 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. Highways insurance cost recovery was £0.202m better than budget although this is not expected to be the pattern going forward as some income was in relation to costs incurred in previous years.

Service Area	Finance and Resources	Responsible Officer	Steve Richardson	Variance £m	£0.956m
Key Variations:					
<ul style="list-style-type: none"> • There are COVID-19 related costs of £0.481m for extensions to IT contracts, additional Vodafone call/network costs from increased homeworking and additional IT licences plus a net loss on court costs income from non-payment of council tax and NNDR totalling £0.334m. External Audit fees are £0.170m above budget due to additional time spent and technical issues of the 18/19 and 19/20 audits. • There is a net cost of £0.180m where funding has been transferred from Revenues and Benefits budget codes to replenish the overpayments reserve which could have been considered low in light of the pandemic and the potential impact of the new central government debt policy known as “breathing space”. • To offset these pressures, there is a budget of £0.209m in printing that has not been utilised this year but will be required to cover additional IT costs next year. 					

Service Area	Law and Governance	Responsible Officer	Sharon Bridglalsingh	Variance £m	£0.263m
Key Variations:					
<ul style="list-style-type: none"> • Subscription costs for external legal advice are overspent by £0.084m which has been the position over the last couple of years. A pressure was included in the 21/22 budget to cover this in future years. Income within the legal team has suffered a shortfall of £0.091m essentially due to less housing development activity and the legal fees associated with this. In addition, £0.034m was spent on new devices for councillors to allow online meetings as a result of COVID-19. 					

Service Area	Debt Financing & Corporate Items	Responsible Officer	Steve Richardson	Variance £m	£4.900m
Key Variations:					
<ul style="list-style-type: none">• 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					

Additional Government Funding Allocations – COVID-19

Funding for General Purposes

The Government has allocated a total of £29.107m of funding to offset the impact of COVID-19 on the General Fund budget, together with, support for loss of income on fees and charges, including loss of parking income, and mitigating the impact on our council tax and business rates collection fund, increased expenditure in social care support ,PPE, rough sleeping, increased waste tonnages and so on.

So far, MKC have received £20.725m of Local Authority Support Grant in four tranches, with the fourth tranche paid in November. £0.413m was allocated in 2019/20 and the remainder in 2020/21. All of the grant has been committed.

In addition, the Council is due to receive £8.8m for the Local Government Income Compensation scheme, which allows the Council to recover up to 70% of fees and charges income losses.

Funding for Specific Purposes

In addition to the general Government Grant allocation, the council has been managing and accessing various other Government support funds. **Table 3** below shows a list of these grants received and current commitment against each one.

Table 3 – Specific Grant Funding COVID-19

Grant	Allocation	Commitment
Test and Trace Service Support Grant	1.065	Part allocated, remainder in progress
Reopening High Streets Safely Fund	0.239	Fully Committed
Emergency Active Travel Fund	0.913	Fully Committed
Food & Essential Supplies	0.268	Fully Committed
Home to School Transport	0.653	Fully Committed
Local Authority Compliance and Enforcement grant	0.135	Fully Committed
Contain Outbreak Management Fund	6.447	In progress
Rough Sleeping Contingency Fund	0.026	Fully Committed
Wellbeing For Education Funding	0.043	Fully Committed
Community Testing Funding	0.139	Fully Committed
Clinically Extremely vulnerable	0.759	Fully Committed
Next steps accommodation	0.634	Fully Committed
Rough sleepers - Cold Weather Fund	0.090	Fully Committed
Travel Demand Management	0.100	Fully Committed
Protect Plus fund	0.067	Fully Committed
Support for High Streets (Welcome Back Fund)	0.239	Fully Committed
LA Framework / Practical Support for those self isolating	0.059	Fully Committed
Total	11.876	

Passported Funding

The Government have also allocated funding which has been passported on to businesses, schools and others within the community. **Table 4** below shows a list of these grants received and current commitment against each one.

Table 4 – Passported Funding COVID-19

Grant	Allocation	Commitment
Hardship Fund	2.322	Fully Committed
Business Support Grant	77.596	Fully Committed
Digital Platform	0.014	Fully Committed
Workforce Capacity Fund	0.454	in progress
Lateral Flow Device testing Fund (Rapid Testing)	0.497	in progress
COVID-19 Winter Grant Scheme	0.722	in progress
BID Resilience fund	0.051	Fully Committed
Infection Control Fund - round 1	4.147	Fully Committed
Bus Services Support Grant	0.873	Fully Committed
Schools COVID-19 catch up payments	0.982	Fully Committed
Schools COVID-19 exceptional costs	0.310	Fully Committed
Test and Trace Support Payment Scheme	0.617	in progress
Total	88.585	