

## ANNEX A – GFRA KEY VARIANCES AND MANAGEMENT ACTIONS

Table 1 - GF High Level Revenue Summary

General Fund High Level Revenue Summary	P3 Forecast Outturn Position		
	2021/22 Full Year Budget	2021/22 Forecast Outturn	Variance
	£m's	£m's	£m's
Service			
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
<b>Total service expenditure and income</b>	<b>198.663</b>	<b>197.848</b>	<b>(0.815)</b>
Financing costs - Debt financing	3.006	3.006	0.000
<b>General Fund Requirement</b>	<b>201.669</b>	<b>200.853</b>	<b>(0.815)</b>
<b>Total Financing</b>	<b>(201.669)</b>	<b>(201.590)</b>	<b>0.078</b>
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>(0.737)</b>	<b>(0.737)</b>

### Introduction

The Council are currently forecasting a General Fund underspend of £0.737m.

## GFRA FORECAST KEY VARIANCES AND MANAGEMENT ACTIONS

Table 2 - GF High Level Variations

Service Area	Adult Services	Responsible Officer	Victoria Collins	Variance £m	£0.177m
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>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 on bed release.</li> <li>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.</li> <li>Extracare Village – Forecast underspend of £0.284m due to reduction of residents.</li> <li>Internal Homecare and Reablement - £0.348m underspend forecast due to vacant staff posts.</li> </ul>					

**Key demand budgets concerns**

- Care Home sector increased costs due to COVID-19 and loss of revenue due to abnormally high levels of unoccupied beds c15%-30%
- Supported Living and Homecare additional cost pressures while continuing to provide greater level of 1-to-1 care support in the absence of Day Care
- Day Care services re-opened during May providing service at c20% of pre-COVID-19 levels. The service is currently engaging with the CCG to explore payment for Health clients on a commissioned basis in 2021/22 to address the £0.315m shortfall in CCG contribution.
- Housing Solutions (Homeless Prevention & Access) in the first year of the 5 year Invest to Save programme has an underlying indication of increasing demand emerging.

Service Area	Public Health	Responsible Officer	Vicky Head	Variance £m	£0.000m
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**Key Variations:**

- The Public Health grant for 2020/21 is £11.721m, a 0.7% increase from 20/21.
- 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.
- 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 (£0.120m) 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.

Service Area	Children's Services	Responsible Officer	Mac Heath	Variance £m	0.025m
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**Key Variations:**

- Children's Centres – forecast overspend at P3 of £0.149m as a result of reduced fees and charges income (£0.203m) as the level of take up at sessions is lower and external room hire has reduced following the pandemic. There are some salary savings (£0.060m) due to posts being part vacant during the year however these are now being recruited to as centres re-open and services resume.
- Libraries – forecast overspend at P3 of £0.073m as a result of reduced fees and charges income as a fine amnesty has been put in place since the pandemic.

**Key demand budgets concerns**

- 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.

- Children’s Social Care Staff – there continues to be a number of vacancies across front line social work posts and it is hoped that the recruitment campaign will continue to attract new employees, however there is a risk that that agency staff cover will continue to be required at times to cover the vacancies and absences. Delays with recruitment can result in delay in allocating cases across the service, which needs to be prioritised and addressed due to the risk this gives for both the children and Ofsted regulations.

**New Pressures / Other key concerns**

- Income targets for both the Children’s Centres and Libraries are going to be challenging for this year and future years. Whilst the services have now fully opened the level of take up / visitors is not at the pre-pandemic levels, this may increase over time, but it is slower than originally predicted.

<b>Service Area</b>	<b>Policy, Insight &amp; Communications</b>	<b>Responsible Officer</b>	<b>Sarah Gonsalves</b>	<b>Variance £m</b>	<b>£0.062m</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• No significant variations</li> </ul>					

<b>Service Area</b>	<b>Strategy &amp; Futures</b>	<b>Responsible Officer</b>	<b>Tracey Aldworth</b>	<b>Variance £m</b>	<b>(£0.003m)</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• No significant variations</li> </ul>					

<b>Service Area</b>	<b>Housing &amp; Regeneration</b>	<b>Responsible Officer</b>	<b>Stuart Profitt</b>	<b>Variance £m</b>	<b>(£0.010m)</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• No significant variations</li> </ul>					

<b>Service Area</b>	<b>Planning, Strategic Transport and Placemaking</b>	<b>Paul Thomas</b>	<b>Paul Thomas</b>	<b>Variance £m</b>	<b>(£0.502m)</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• Planning income better than budget by £0.530m, essentially due to large applications. Land charges income also better than budget by £0.117m which has been the trend over the last 2 years.</li> </ul>					

- Planning salary costs are over by £0.200m due to use of agency to cover vacancies which are more expensive. This is required due to recruitment difficulties.

#### **Key demand budgets concerns**

- Planning income was a key demand post COVID-19 in 21/22 (£0.674m pressure) with this pressure reduced to £0.337m in 22/23. This pressure is forecast to be less in 21/22 but could match the 22/23 and longer-term budget. The post COVID-19 market still needs to stabilise.

#### **New Pressures / Other key concerns**

- There are issues with recruitment in planning and the team are looking at post grades again. This could be a pressure but income in land charges looks to be better than budget in the long term to offset.

Service Area	Environment & Property	Responsible Officer	Stuart Proffitt	Variance £m	(£0.604m)
<p><b>Key Variations:</b></p> <ul style="list-style-type: none"> <li>• £0.156m facility management costs pressure due to added COVID-19 cleaning and equipment costs. These costs should settle down once more restrictions are lifted.</li> <li>• £0.100k COVID-19 related street cleaning costs for CMK re opening in the summer where no specific COVID-19 funding was identified</li> <li>• £0.170m insurance pressure at the RWTP as noted in 20/21 due to complexity of the building type plus an estimated 6k added residual/food and garden waste tonnage resulting in a pressure of £0.466m in waste disposal and a further £0.086m in contamination costs. This is probably worst-case scenario and based on 2 months data. This will be reviewed each month</li> <li>• 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.</li> <li>• Parking income is looking stronger than budgeted – if income patterns in June continue for the rest of the year, there will be at least £1m more than budget. This is probably a pessimistic view and is being monitored carefully each month. A detailed review of the parking contract costs has identified a reduction of £0.137m.</li> </ul> <p><b>Key demand budgets concerns</b></p> <ul style="list-style-type: none"> <li>• A parking income pressure of £8.460m was included in the 21/22 budget as an on-going pressure. Although it is difficult to quantify this yet, the June position indicates that this could be £1m better which is probably a pessimistic view. By the autumn (budget setting time) there will be a clearer trend emerging to base the income in the MTFP</li> <li>• Food and garden and residual waste tonnage was high in April and May. As the year progresses, it can be determined if this is an on-going issue.</li> <li>• There may be a demand saving from the concessionary fares – again, as the year progresses and the impact of central government changes in September are observed, the MTFP may be amended accordingly.</li> </ul> <p><b>Other key concerns</b></p> <ul style="list-style-type: none"> <li>• The £0.170m insurance cost at the RWTP will be a pressure on the MTFP</li> <li>• Possibly opportunities to reduce the parking contract budget</li> </ul>					

Service Area	Finance and Resources	Responsible Officer	Steve Richardson	Variance £m	£0.117m
<b>Key Variations:</b> <ul style="list-style-type: none"> <li>£0.100m on going IT licence pressure post COVID-19 due to more staff working from home</li> </ul> <b>Other key concerns</b> <ul style="list-style-type: none"> <li>There are likely to be added Office 365 costs -this pressure is being quantified</li> <li>Possible apprentices' pressure following the repatriation of HR from LGSS</li> </ul>					

Service Area	Law and Governance	Responsible Officer	Sharon Bridglalsingh	Variance £m	£0.011m
<b>Key Variations:</b> <ul style="list-style-type: none"> <li>No significant variations</li> </ul>					

## Additional Government Funding Allocations – COVID-19

### Funding for General Purposes

The Government has allocated a total of £9.064m of funding to offset the impact of COVID-19 in 2021/22 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.

In 2021/22 MKC are expected to receive £7.064m of Local Authority Support Grant and a further £2.000m for the Local Government Income Compensation Scheme, which allows the Council to recover up to 70% of fees and charges income losses. All of the grant has been committed.

### 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 the grant allocations for 2021/22, the 2020/21 unspent allocations which have been carried forward and the current commitment against each one.

**Table 3 – Specific Grant Funding COVID-19**

Grant	20/21 Carry forward £m	21/22 Allocation £m	Commitment
Emergency Active Travel Fund - Tranche 1 - 2 - Revenue Grant	0.137	0.000	In Progress
Test, track and trace funding	1.065	0.000	Fully Committed
Food & Other Essentials (£63m national)	0.061	0.000	In Progress
Local authority compliance and enforcement grant	0.070	0.000	In Progress
Clinically Extremely Vulnerable	0.236	0.000	In Progress
Wellbeing For Education Funding	0.029	0.000	In Progress
Travel Demand Management	0.055	0.000	In Progress
Next Steps Accommodation Programme (NSAP) - Revenue Grant	0.138	0.000	In Progress
Support for Home to School Transport	0.286	0.770	In Progress
Contain Outbreak Management Fund	1.303	1.823	Fully Committed
Holiday Activity Fund	0.000	0.900	In Progress
<b>Total</b>	<b>3.380</b>	<b>3.493</b>	

### 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 the grant allocation for 2021/22, the 2020/21 unspent allocations which have been carried forward and the current commitment against each one.

**Table 4 – Passported Funding COVID-19**

Grant	20/21 Carry forward £m	21/22 Allocation £m	Commitment
Business Support Grant (incl LADGF/ARG/LRSG)	15.177	2.335	Fully Committed
Restart Grant	0.000	11.682	Fully Committed
Infection Control Fund - round 3-4	0.000	2.258	Fully Committed
Covid Test Funding for Schools	0.000	0.060	Fully Committed
Covid Workforce Pay for Schools	0.000	0.045	Part allocated, remainder in progress
Covid Winter Grant Scheme (Holiday help)	0.000	1.101	Part allocated, remainder in progress
Bus Services Support Grant	0.334	0.000	Fully Committed
Test & Trace Support Grant (Isolation Payments)	0.404	0.000	Fully Committed
<b>Total</b>	<b>15.915</b>	<b>17.481</b>	