

# ANNEX A – GENERAL FUND - KEY VARIANCES AND MANAGEMENT ACTIONS

## Table 1 - GF High Level Revenue Summary

General Fund High Level Service	Year to Date				Forecast Position					Movement in period	
	2020/21 Budget to Date £m's	2020/21 Actuals to Date £m's	2020/21 YTD Variance £m's	Covid 19 Spend/income loss to date £m's	2020/21 Full Year Budget £m's	Medium Scenario Forecast £m's	Revised Variance £m's	Forecast Position - Covid £m's	Forecast position - Non-COVID £m's	Period 3 Non Covid £m's	Movement since P3
Adult Social Care	39.425	40.510	1.086	2.378	71.337	72.737	1.400	3.863	(2.464)	(0.701)	(1.763)
Public Health	5.527	5.527	0.000	0.000	11.650	11.650	0.000	0.000	0.000	(0.000)	0.000
Children's Services	28.095	26.915	(1.181)	(0.079)	54.513	55.086	0.573	1.050	(0.477)	0.471	(0.948)
Policy, Insight & Communications	(0.293)	0.299	0.592	0.785	0.932	2.088	1.157	0.824	0.333	(0.107)	0.440
Strategy and Futures	0.151	(0.074)	(0.225)	0.000	0.210	0.203	(0.007)	0.000	(0.007)	(0.007)	0.000
Housing and Regeneration	0.492	0.447	(0.045)	0.000	0.873	0.866	(0.008)	0.000	(0.008)	(0.020)	0.012
Growth, Economy and Culture	2.109	3.098	0.989	1.202	5.748	7.356	1.608	1.674	(0.066)	(0.524)	0.458
Environment and Property	13.316	18.005	4.689	6.996	57.464	69.353	11.889	10.839	1.049	0.405	0.645
Resources - Retained MKC	0.221	0.392	0.170	0.339	(1.586)	(0.706)	0.880	0.753	0.127	0.148	(0.021)
Resources - LGSS	(0.194)	(0.194)	0.000	0.000	6.056	6.056	(0.000)	0.000	(0.000)	0.000	(0.000)
Law & Governance	0.275	0.345	0.069	(0.027)	1.989	2.074	0.084	0.026	0.058	0.053	0.006
Debt financing, corporate codes	16.774	19.774	3.000	3.000	(2.562)	(2.127)	0.435	(0.000)	0.435	0.435	0.000
<b>Net Cost of Services</b>	<b>105.898</b>	<b>115.042</b>	<b>9.144</b>	<b>14.595</b>	<b>206.623</b>	<b>224.634</b>	<b>18.011</b>	<b>19.029</b>	<b>(1.018)</b>	<b>0.153</b>	<b>(1.171)</b>
Covid Funding	0.000	(18.342)	(18.342)	(18.342)	0.000	(28.783)	(28.783)	(28.783)	0.000	0.000	0.000
<b>General Fund Requirement</b>	<b>105.898</b>	<b>96.700</b>	<b>(9.198)</b>	<b>(3.747)</b>	<b>206.623</b>	<b>195.851</b>	<b>(10.772)</b>	<b>(9.754)</b>	<b>(1.018)</b>	<b>0.153</b>	<b>(1.171)</b>
<b>Financing</b>											
Council Tax	(129.205)	(129.205)	(0.000)	0.000	(129.205)	(129.205)	0.000	0.000	0.000	0.000	(0.000)
Loss of Funding	0.000	0.000	0.000	0.000	0.000	10.590	10.590	10.590	0.000	0.000	0.000
New Homes Bonus	(3.000)	(3.000)	0.000	0.000	(6.000)	(6.000)	0.000	0.000	0.000	0.000	0.000
NNDR	(27.132)	(27.132)	(0.000)	0.000	(54.264)	(54.264)	0.000	0.000	0.000	0.000	0.000
RSG	(5.592)	(5.592)	0.000	0.000	(5.592)	(5.592)	0.000	0.000	0.000	0.000	0.000
Public Health	(5.781)	(5.781)	0.000	0.000	(11.562)	(11.562)	0.000	0.000	0.000	0.000	(0.000)
<b>Total Financing</b>	<b>(170.710)</b>	<b>(170.710)</b>	<b>(0.000)</b>	<b>0.000</b>	<b>(206.623)</b>	<b>(196.033)</b>	<b>10.590</b>	<b>10.590</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.000)</b>
<b>Net Surplus / Deficit</b>	<b>(64.812)</b>	<b>(74.010)</b>	<b>(9.198)</b>	<b>(3.747)</b>	<b>0.000</b>	<b>(0.182)</b>	<b>(0.182)</b>	<b>0.836</b>	<b>(1.018)</b>	<b>0.153</b>	<b>(1.171)</b>

## Introduction

The Council are currently forecasting a General Fund underspend of £0.182m. Whilst there is an underspend of £1.018m of non-COVID-19 related income and expenditure, the forecast includes £19.029m of additional COVID-19 costs and loss of income, £28.783m of additional Government funding and £10.590m of estimated loss of income on the Collection Fund.

As the year progresses, expenditure on COVID-19 is becoming intrinsically linked to service expenditure, therefore for that reason the forecast explanation for the year includes both COVID-19 and non-COVID-19 pressures and savings.

The level of uncertainty over the wider economic and social impacts and behavioural changes are yet to be felt. The Council has modelled 3 different scenarios to illustrate the scale of the financial impact that the Council could face in 2020/21 and over the medium term. This report is based on the medium impact. For 2020/21 based on the current level of financial support provided by government these scenarios provide an estimated financial position of between £1.859m underspend and £3.441m overspend.

## GFRA Forecast Key Variance and Management Actions

**Table 2 - GF High Level Variations**

Service Area	Adult Services	Responsible Officer	Victoria Collins	Variance £m	£1.400m
<b>Key Variations:</b>					
Adult Services is forecasting an overspend of £1.400m including committed COVID-19 costs and loss of income on Day Care of £3.863m.					
The COVID-19 pressures are made up of:					
<ul style="list-style-type: none"><li>• Supported Living care - additional 1:1 cost to cover closure of Day Care, £1.229m</li><li>• Care Homes – financial support and easement, £1.007m to provide Cashflow support and cover additional staff and PPE cost</li><li>• Homecare – escalating cost of home care for Service Users unwilling to transfer into more cost-effective residential care, £0.218m</li><li>• PPE costs, £0.506m</li><li>• Day Care – loss of Continuing Healthcare (CHC) and Client contributions, £0.234m</li></ul>					

- Homeless and Rough Sleepers – hotel and accommodation costs as part of Government strategy to get people off the street £0.669m

The COVID-19 costs mask an underspend on non-COVID-19 forecast of £2.464m made up of:

- Direct Payments (DP), £1.014m - reduction in use of DP as a means of providing care support. The service has found in recent years that DPs are not appropriate or practical, particularly for Frail Elderly. The reduction in use has not been matched by an increase in costs of greater Homecare, Day Care etc.

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, £0.790m including the Homeless Prevention Fund balance.
- Staff, underlying underspend of £0.630m 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.
- Small balance of £0.060m of underspend across Adult Social Care overheads and running costs which is largely due to disruption due to COVID-19.

Service Area	Public Health	Responsible Officer	Muriel Scott	Variance £m	£0.000m
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• 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.</li> <li>• For period 6 the service is forecasting a contribution of £0.403m to the Public Health reserve, increasing the value from £1.222m to £1.625m. This is after allowing for one off expenditure totalling £0.370m to fund projects such as tackling Knife crime and improving health outcomes on regeneration estates. Due to changes in behaviour and reduced access to service during COVID-19, there has continued to be an underspend in Sexual Health service (now totals £0.273m) and the Health Check service (now</li> </ul>					

totals £0.185m), since period 5 this has resulted in additional saving of £0.162m. It is anticipated that demand will remain low for the remainder of the financial year which may have a negative impact on health.

- Further underspends which have been forecasted are attributable to staffing vacancies across the shared service model. In addition, there is a forecast underspend of £0.100m on the 0-19 Children’s commissioned contract due to a reduction on new contract costs (commenced April 2020). There is also a £0.092m forecasted underspend in Substance Misuse due to 2019/20’s payment by outcome not being achieved and a low number of Tier 4 rehab placements due to social distancing measures being enforced. Additionally, there has been a reduced funding allocation from the Casino which has caused a pressure

Service Area	Children’s Services	Responsible Officer	Mac Heath	Variance £m	£0.573m
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**Key Variations:**

- Children’s Social Work **£0.342m** – legal costs for children’s services are expected to overspend by £0.210m due to the number of cases and complexity of high cost cases. Families with no recourse to public funds forecast overspend of £0.073m as 15 families are now being supported. The Family Support Teams have a staffing overspend of £0.099m due to covering vacant roles and employee absence with agency staff.
- Corporate Parenting **£0.872m** – the regional adoption agency budget is forecasting an overspend of £0.158m due to the number of children being placed and the cost of inter-agency fees. Remand placements forecast overspend of £0.168m due to two young people awaiting court trials. The number of LAC has reduced from a peak in December 2019 at 428, reducing in April 2020 to 404 and reducing further in September 2020 to 393. Whilst the number of LAC remains stable there have been several high cost placements in addition to secure placements being needed. Our care leavers block contract provision is full and there is a lack of move on options for these young people given wider housing accommodation pressures – a focused review of options for this cohort is being undertaken. 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 yet to be quantified but an estimate of £0.500m has been included in the forecast, work is being undertaken to finalise the underpayment.

The impact of COVID-19 on children’s services continues to be difficult to predict at this stage and will need to be monitored. There is a concern that following children returning to school, GP’s and accessing other professional services there is expected to be an increased demand in referrals which will impact on services and could lead to an increase in the number of looked after children and increased demand on social work staff teams.

- Home to School Transport (**£0.297m**) – 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. There is a risk that as children return to school that additional transport will be required to replace the use of public buses and respond to any COVID-19 outbreaks.
- Youth and Community **£0.047m** – £0.530m pressure across the service due to loss of income as services cease to be offered or are offered at reduced capacity due to the impact of COVID-19. This has been offset by a restructure within Youth MK and reduced spend across the board.
- Education Attainment and Effectiveness (**£0.181m**) – reduction in spend due to a reduction in the number of relief staff required during lockdown, however the traded services to schools was able to continue to be delivered resulting in income being achieved over and above the income targets.

<b>Service Area</b>	<b>Policy, Insight &amp; Communications</b>	<b>Responsible Officer</b>	<b>Sarah Gonsalves</b>	<b>Variance £m</b>	<b>£1.157m</b>
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**Key Variations:**

- The Emergency planning service have been proactive in supporting care homes and raising awareness of COVID-19, and as such spent accordingly to date £0.101m, with a further £0.038m expected for the remainder of the year, to ensure safety measures are in place, as well as providing PPE to care homes and support for the clinically shielded. However, excluding the COVID-19 impact the team would be on target to deliver a break-even budget.
- As a result of the pandemic and closure during lockdown impacting on their income stream, a provision has been made for income due from the Casino not being received.
- Net projected excess income over budget (£0.039m) under Milton Keynes intelligence, with income to date in line with 2019/20 and no COVID-19 impact expected on income stream.
- £0.325m Customer Services saving target is not going to be achieved in this financial year. A business restructure is in progress and the saving is not going to be realised until next financial year.

<b>Service Area</b>	<b>Strategy &amp; Futures</b>	<b>Responsible Officer</b>	<b>Geoff Snelson</b>	<b>Variance £m</b>	<b>(£0.007m)</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• Immaterial variance</li> </ul>					

<b>Service Area</b>	<b>Housing &amp; Regeneration</b>	<b>Responsible Officer</b>	<b>Michael Kelleher</b>	<b>Variance £m</b>	<b>(£0.008m)</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• Immaterial variance.</li> </ul>					

<b>Service Area</b>	<b>Growth, Economy &amp; Culture</b>	<b>Responsible Officer</b>	<b>Tracy Darke</b>	<b>Variance £m</b>	<b>£1.608m</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"> <li>• Planning income is under budget by £1.047m as a mid-point forecast due to the impact of COVID-19.</li> <li>• A leisure contract income has been impacted by covid and the council is having to incur additional one-off costs of £0.140m to support the contract for 6 months.</li> </ul>					

<b>Service Area</b>	<b>Environment &amp; Property</b>	<b>Responsible Officer</b>	<b>Stuart Proffitt</b>	<b>Variance £m</b>	<b>£11.889m</b>
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**Key Variations:**

- COVID-19 related loss of income totals £10.413m - car parking of £9.3m, new MSCP £0.367m, Sponsorship £0.342m, Registration Services of £0.100m, Building Control of £0.106m, Taxi licencing of £0.158m, Emberton £0.095m. This is a mid-point estimation; car parking could be £1m less income if usage reduces and lockdown prolonged could have a consequence on the other income streams too.
- COVID-19 related costs total £1.142m - £0.759m additional waste tonnage and contamination costs and £0.225m temporary mortuary and burial costs along with £0.175m added costs in property for PPE and building related expenses.
- 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 £0.270m and £0.187m that relate to this year. This is offset to a degree by in year reduced food and garden waste collection and disposal costs of £0.266m.
- COVID-19 related savings total £0.513m - £0.444m reduced car parking enforcement costs due to suspension of enforcement during lockdown and £0.069m less costs at the household waste recycling centres after the purchase of a new booking system which will result in on going savings.
- Non COVID-19 related pressure relates to £0.480m for Whitehouse Health Centre whereby the premises will not be occupied now until December at the earliest (although this is an in-year pressure as work has been successful in attracting tenants for the building next year). There is also a pressure of £0.119m at Saxon Court due to the early departure of the tenants and £0.120m additional facility management and building repairs costs due to reactive works. In addition, there is £0.135m 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. More work is being done to understand the on-going nature of these issues.
- Finally, there are savings of £0.496m as a result of agreeing a revised, reduced payment mechanism for concessionary fares.

<b>Service Area</b>	<b>Finance and Resources</b>	<b>Responsible Officer</b>	<b>Steve Richardson</b>	<b>Variance £m</b>	<b>£0.880m</b>
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**Key Variations:**

- COVID-19 related costs of £0.425m for extensions to IT contracts, additional Vodafone call/network costs from increased homeworking and additional IT licences plus net loss on court costs income from non-payment of council tax and NNDR totalling £0.390m, the latter likely to rise if the cases are not heard in court from October onwards.

<b>Service Area</b>	<b>Debt Financing &amp; Corporate Items</b>	<b>Responsible Officer</b>	<b>Steve Richardson</b>	<b>Variance £m</b>	<b>£0.435m</b>
<b>Key Variations:</b>					
<ul style="list-style-type: none"><li>• The pay award for 2020/21 is estimated to be 0.25% higher than budgeted leading to an additional pressure of £0.228m</li><li>• Investment in recovery framework £0.207m</li></ul>					



## Additional Government Funding Allocations – COVID-19

### Funding for General Purposes

The Government has allocated a total of £20.725m 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 4 tranches, with the 4th 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 £8.4m 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 £0.239m
Emergency Active Travel Fund	0.228	Fully Committed £0.228m
Food & Essential Supplies	0.268	Fully Committed £0.268m
Home to School Transport	0.245	Fully Committed £0.245m
Local Authority Compliance and Enforcement grant	0.135	Fully Committed £0.135m
Contain Outbreak Management Fund	2.170	In progress
Rough Sleeping Contingency Fund	0.026	Fully Committed £0.026m
Wellbeing For Education Funding	0.043	Fully Committed £0.043m
<b>Total</b>	<b>4.417</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 these grants received and current commitment against each one.

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

Grant	Allocation	Commitment
Hardship Fund	2.322	Fully Committed £2.322m
Business Support Grant	40.156	Fully Committed £40.156m
Local Authority Discretionary Grant Fund	1.256	Fully Committed £1.256m

BID Resilience fund	0.051	Fully Committed £0.051m
Infection Control Fund - round 1	2.012	Fully Committed £2.012m
Infection Control Fund - round 2	2.134	Fully Committed £2.134m
Bus Services Support Grant	0.124	Fully Committed £0.124m
Schools Covid-19 catch up payments	0.887	Fully Committed £0.887
Schools Covid-19 exceptional costs	0.183	Fully Committed £0.183m
Test and Trace Support Payment Scheme	0.216	in progress
<b>Total</b>	<b>49.343</b>	

\*Other grant announcements have been made, however they allocation to Milton Keynes has not yet been notified