

GFRA FORECAST KEY VARIANCES AND MANAGEMENT ACTIONS

ANNEX A

Table 1 - GF High Level Revenue Summary to December 2019 Q3 (P9)

General Fund High Level Revenue Summary	Year to Date			Forecast to Year End			Movement	
	2019/20 Budget to Date	2019/20 Actuals to Date	2019/20 YTD Variance	2019/20 Full Year Budget	Current Forecast to 31.03.20	Variance to Latest Forecast	Quarter 2 Forecast Variance	Movement From Quarter 2
Service	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Adult Social Care	45.341	41.813	(3.527)	65.486	65.443	(0.043)	0.576	(0.619)
Public Health	8.171	6.320	(1.850)	11.105	11.105	0.000	0.000	0.000
Children's Services	35.030	34.018	(1.013)	53.694	54.635	0.941	0.310	0.631
Policy, Insight & Communications	1.310	1.139	(0.171)	1.293	1.085	(0.208)	0.040	(0.248)
Strategy and Futures	0.388	1.523	1.135	0.258	0.249	(0.009)	(0.000)	(0.009)
Housing and Regeneration	0.448	0.346	(0.102)	1.126	1.033	(0.093)	(0.524)	0.431
Growth, Economy and Culture	1.387	1.846	0.459	5.457	4.725	(0.732)	(0.343)	(0.390)
Environment and Property	29.892	20.365	(9.527)	57.991	58.073	0.081	(0.001)	0.083
Resources - Retained MKC	1.345	4.108	2.763	(0.895)	(1.313)	(0.418)	(0.342)	(0.076)
Resources - LGSS	8.846	6.346	(2.500)	6.111	6.111	0.000	0.000	(0.000)
Law & Governance	2.544	2.460	(0.084)	1.842	1.982	0.140	0.068	0.072
Debt financing, corporate codes	5.527	7.961	2.434	7.522	7.553	0.031	0.266	(0.235)
Net Cost of Services	140.228	128.246	(11.982)	210.992	210.681	(0.310)	0.050	(0.361)
Reversal of Depreciation	0.000	0.000	(0.000)	(26.030)	(26.030)	0.000	0.000	0.000
General Fund Requirement	140.228	128.246	(11.982)	184.962	184.652	(0.310)	0.050	(0.361)
Financing								
Council Tax	(85.425)	(85.425)	0.000	(116.740)	(116.740)	0.000	(0.000)	0.000
New Homes Bonus	(1.500)	(1.500)	0.000	(2.000)	(2.000)	0.000	0.000	0.000
NNDR	(37.215)	(37.215)	0.000	(49.620)	(49.620)	0.000	0.000	0.000
RSG	(4.127)	(4.127)	(0.000)	(5.502)	(5.502)	0.000	0.000	0.000
Public Health	(8.325)	(8.325)	0.000	(11.100)	(11.100)	0.000	0.000	0.000
Total Financing	(136.592)	(136.591)	0.000	(184.962)	(184.962)	0.000	(0.000)	0.000
Net Surplus / Deficit	3.637	(8.345)	(11.982)	(0.000)	(0.310)	(0.310)	0.050	(0.361)

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Table 2 - GF High Level Variations

Service Area	Adult Services	Responsible Officer	Victoria Collins	Forecast Variance £m	(£0.043m)
Key Variations:					
<ul style="list-style-type: none"> • There is an underspend in relation to the Manor House contract of £0.773m. Manor House was a provision for those with Learning Disabilities, which closed some years ago, and the service users were moved to various care homes across Buckinghamshire. MKC no longer place new service users under this contract. £0.335m of this saving is permanent and will be reflected in the MTFP. The remaining underspend is one-off due to reimbursement for previous financial years where MKC has overpaid on the contract. • There is a £1.817m saving on care packages and placements across Adult Services, £0.944m of which relates to Older People's services. This is the impact of the demand management project and enhanced controls and processes that have been implemented over the last twelve months. This includes the introduction of a Financial Authorisation Board, increased frequency of reviews and utilising capacity within our internal home care service. • Additional income of £0.370m income in relation to Continuing Health Care (CHC) clients attending the Internal Day and Short Breaks services. This is a result of implementing a full cost recovery model for CHC funded service users. • The projected overspend in Homelessness Prevention & Access is £3.296m, due to an increase in demand (1,013 households compared to budgeted 670), partially attributable to the lack of affordable housing as well as challenges in recruiting and retaining staff in the prevention team. The overspend has increased by £0.257m since Q2, which includes £0.100m provision towards Click Travel booking discrepancies which are currently being investigated (in relation to bed and breakfast booking), and low supply of housing stock. Slower private sector nominations have also been a contributing factor (forecast of 209 Households compared to 275 budgeted). Action: Following a recent transfer of the Homelessness Service between directorates, processes and procedures will be reviewed end to end to assess if there are synergies which can be made through collaborative working with other Adult Services departments. 					

Service Area	Public Health	Responsible Officer	Muriel Scott	Forecast Variance £m	£0.000m
<p>Key Variations:</p> <ul style="list-style-type: none"> Public Health is reporting a £0.164m contribution to the Public Health reserve. The in-year underspend forecast is a result of vacancies across Milton Keynes, Bedford Borough Council and Central Bedfordshire Council in a shared service operating model. There has also been in a reduction in some demand-based services such as Sexual Health and Smoking services (with a proportion of the underspend being put forward as a permanent saving in 2020/21). A new stop smoking model is in place and demand is anticipated to increase in the last quarter of the year. The substance misuse service is forecasting an underspend of £0.130m due to payment by outcomes not being achieved by the current provider and fewer Detox and Rehab referrals than expected. A new provider will be in place in April 2020 with a clear focus on improved performance through increasing support for vulnerable adults. 					

Service Area	Children's Services	Responsible Officer	Mac Heath	Forecast Variance £m	£0.941m
<p>Key Variations:</p> <ul style="list-style-type: none"> Children's Social Work service has a pressure of £1.005m: <ul style="list-style-type: none"> There is a £0.742m overspend on staffing, mainly within the multi-agency safeguarding and statutory children's social care teams. There has been an increase in activity and a resultant need for additional staff to meet service demands. Over the year there is expected to be a need for 26 agency staff to cover maternity leave, sickness and vacant posts. Action: the service is currently reviewing the establishment and agreeing an action plan to seek to reduce this pressure. There will be a further review of recruitment plans to mitigate the use of agency staff. There is a £0.216m pressure on the legal budget as a result of judicial reviews for unaccompanied asylum seeker children (UASC) challenging age assessments that have been completed. 					

Action: the process of completing age assessments has been reviewed and legal advice is being sought in advance of an age assessment position being taken to mitigate legal challenge and reduce the requirement for placements.

- Corporate Parenting service has an overspend of **£0.363m**:
 - This is made up of £0.109m overspend on placements, overall LAC numbers are at 428 compared with a budgeted cohort of 385 (increased demand includes 49 additional LAC this financial year of which 15 are UASC). There have been seven young people placed in remand during the year at a cost of £0.312m with a grant contribution of £0.076m. The number of permanent placements continues to increase with this being used as a better alternative for supporting young people.
Action: an external placement panel has been re-introduced to include colleagues from corporate parenting service, finance and commissioning to give increased focus to external placements, support costs and the future step down plan for children. An audit has taken on the high cost external placements and applications made for children meeting the continuing care funding threshold. The approval for all external placements is now required from either Director of Children's Services or Group Head Service for Children and Families.
 - There is staffing pressure of £0.116m within the Corporate Parenting team and this is currently being restructured.
Action: the creation of a 16+ team to focus on older children and closer working with adult social care to ensure that transitions are planned as early as possible and that placement costs are concluded in a timely way.
- Libraries: there is a pressure of **£0.169m** as a result of salary costs and day to day running costs. This will be funded from the library reserves in 2019/20. There is a new delivery model that will see libraries becoming part of MKC's adult learning model to deliver a balanced budget in 2020/21.
- Setting and School Effectiveness service has an underspend of **£0.120m** as a result of additional traded income and the school improvement monitoring and brokerage grant funding.
- Setting and school sufficiency and access service has an overspend of **£0.334m** as a result of increase home to school transport costs of £0.306m where there has been a 11% increase in pupil numbers receiving transport (1,155 pupils Sept 18 to 1,287 Dec 19). A number of the existing contracts are now full so additional contracts have needed to be procured. There is a £0.058m loss of income from the free school meals traded service offer which ceased in April 2019 due to new software available directly to schools.
- Social Care Grant: **£0.400m** uncommitted funding will be used to offset part of the overspend across Children's Services.

Service Area	Policy, Insight & Communications	Responsible Officer	Sarah Gonsalves	Forecast Variance £m	(£0.208m)
Key Variations:					
<ul style="list-style-type: none"> Salary underspends due to delays in recruitment, pending restructure in Community Safety (£0.071m) and Performance & Systems teams (£0.050m), underspends in Information Governance due to difficulty in recruiting an Information Governance Manager (£0.049m) but grading has now been reviewed to attract suitable candidates. 					

Service Area	Housing & Regeneration	Responsible Officer	Michael Kelleher	Forecast Variance £m	(£0.093m)
Key Variations:					
<ul style="list-style-type: none"> Housing Communities Total Underspend (£0.074m) <ul style="list-style-type: none"> (£0.060m) - Pay underspends in Private Sector housing (after agency costs). (£0.013m) - Over anticipated income (£0.056m) in Private Sector Housing compared to budget, offset by House in Multiple Occupation licensing £0.043m. The Homelessness service has now moved to Adult services. 					

Service Area	Growth, Economy & Culture	Responsible Officer	Tracy Darke	Forecast Variance £m	(£0.732m)
Key Variations:					
<ul style="list-style-type: none"> Planning income is over by £0.302m. Although there has been a change in the pricing policy for Planning Performance Agreements (PPA) from November with charges being reduced and there has been some uncertainty over Brexit, income has continued to be strong. However, there was a noticeable dip in applications in December which has been reflected in the overall forecast. In addition there are salary vacancies within the Development Management and Development Plans Teams of £0.327m, with a full establishment expected to be in place next financial year and a favourable position of £0.111m in Land Charges due to the delay in this service being transferred to central government, a move that is expected to take place in April 2020 now. 					

Service Area	Environment & Property	Responsible Officer	Stuart Proffitt	Forecast Variance £m	£0.081m
<p>Key Variations:</p> <ul style="list-style-type: none"> • Property – overall there is an over spend of £0.276m. This is due mainly to a shortfall in income to cover the borrowing costs for Brooklands Health Centre of £0.168m. In March 2016 Cabinet approved the build of Brooklands Health Centre, assuming the debt financing costs for the build would be financed from rental income. Currently the building is not fully occupied and the rent from the health provider is not at full capacity as current patient numbers are not at their optimum. This is resulting in a shortfall in income to cover the debt repayments. Marketing strategies are in place to attract potential tenants to reduce the position in the longer term and rental income from the health provider will increase in line with patient numbers and discussions with the CCG continue regarding the health practice income. The balancing pressure in the service is smaller one off works carried out. • The Building Control service has had recruitment issues and so needed to rely on interim agency staff while the programme to introduce a strategy to develop apprentices has been established. This has resulted in an over spend of £0.189m. • Patronage of concessionary fares is higher than planned resulting in an over spend of £0.207m which is offset by the use of Bus Services Operator Grant. • The car parking contract costs are £0.131m greater essentially due to the overlap of the old and the new contracts. • In highways, the Adoptions income is £0.374m above budget as a result of continuing housing developments and Highways Permit income is £0.177m above budget as a result of increased works requiring stopping up of the highways. There is a net pressure of £0.188m on highways repairs due to the change in policy on pot holes but reductions in the number of crews carrying out this work have now been implemented with the expectation that this position should be manageable next financial year. • Overall, there are vacant posts of £0.294m within the Environment teams. <p>There is a risk that the council will incur costs of up to £0.100m following a judicial review of a coroner inquest and costs incurred to date are £0.023m have been included in the forecast.</p> <p>Car Parking income is being closely monitored and the indications are that the outturn variance to the budget will be minimal.</p>					

Service Area	Resources - MKC	Responsible Officer	Steve Richardson	Forecast Variance £m	(£0.418m)
Key Variations: <ul style="list-style-type: none"> • £0.302m underspend in Revenues and Benefits due to the recovery of benefits overpayments to be over-recovered based on year to date performance and in line with last year where there was an over recovery of £0.272m compared to budget. The forecast also includes a reduction in housing benefit costs of £0.229m based on progress of claims to date. Offsetting this is a pressure of £0.092m against a savings target in Customer Services but the implementation of the digitisation programme and the amalgamation of front line services within the Customer Services Team assumes that this saving will be achieved next year. 					

Service Area	Law & Governance	Responsible Officer	Sharon Bridglalsingh	Forecast Variance £m	£0.140m
Key Variations: <ul style="list-style-type: none"> • £0.139m – under recovery of income and over spends on subscriptions for external legal advice. 					