GFRA KEY VARIANCES AND MANAGEMENT ACTIONS

The Council General Fund Services are currently forecasting and overspend of £2.155m.

General Fund High Level Revenue Summary	P6 Position				Movement since P3	
	2023/24 Full Year Budget	Forecast Outturn	Variance	% variance	Forecast Outturn P3	Movement since P3
Service	**£m's**	**£m's**	**£m's**	**%**	**£m's**	**£m's**
Adult Social Care	100.447	102.387	1.940	1.9%	2.937	(0.997)
Public Health	12.522	12.522	0.000	0.0%	0.000	0.000
Children's Services	55.634	57.476	1.842	3.3%	1.091	0.751
Customer and Community	6.135	6.123	(0.012)	-0.2%	(0.111)	0.099
Planning and Placemaking	2.107	2.040	(0.067)	-3.2%	0.037	(0.104)
Environment & Property	73.152	72.761	(0.391)	-0.5%	0.143	(0.534)
Resources - Retained MKC	5.259	4.978	(0.281)	-5.3%	(0.294)	0.013
Resources - Shared Services	(0.215)	(0.215)	0.000	0.0%	0.000	0.000
Law & Governance	2.458	2.701	0.243	9.9%	0.215	0.028
Corporate Codes & Debt Financing	17.181	16.057	(1.124)	-6.5%	0.001	(1.125)
Assets Management	(26.030)	(26.030)	0.000	0.0%	0.000	0.000
General Fund Requirement	**248.650**	**250.800**	**2.150**		**4.019**	**(1.869)**
New Homes Bonus	(4.542)	(4.542)	0.000	0.0%	0.000	0.000
NNDR	(72.599)	(72.599)	0.000	0.0%	0.000	0.000
RSG	(6.731)	(6.731)	0.000	0.0%	0.000	0.000
Public Health	(12.527)	(12.527)	0.000	0.0%	0.000	0.000
Other Government Grants	(1.874)	(1.869)	0.005	-0.3%	0.000	0.005
Council Tax	(150.377)	(150.377)	0.000	0.0%	0.000	0.000
Total Financing	**(248.650)**	**(248.645)**	**0.005**		**0.000**	**0.005**
Net Surplus / Deficit	**0.000**	**2.155**	**2.155**		**4.019**	**(1.864)**

GFRA KEY VARIANCES AND MANAGEMENT ACTIONS

Service Area	Adult Services	Responsible Officer	Victoria Collins	Variance £m	£1.940m

Key variations:

- **Assessment, Review and Hospital Discharge** is forecast to overspend by £1.593m:
  - Older people support at home placements are forecast to overspend by £1.360m, this is based on 578 packages (budget 437) an increase of 32% at a current average placement cost of £0.020m (budget £0.018m) an increase of 11%.
  - Direct payments are forecast to overspend by £0.278m, this is based on 85 packages (budget 72) an increase of 18% at a current average placement cost of £0.023m (budget £0.023m). In addition there is also a reduction in client contributions of £0.060m.
- **Autism Service** is forecast to overspend by **£0.723m** - four service users require high and specialist support which totals £0.473m, three service users transferring from Learning Disabilities and Mental Health to Autism £0.185m and two new starters £0.122m. Currently, there are 54 packages being provided, compared to a budget assumption of 31 packages.
- **Commissioning and Contracts** is forecast to underspend by **(£1.921m).** Care home placements are forecast to underspend by (£1.462m). This is due to an increase in client contributions and back pay of income. Income from the Market Sustainability Improvement (workforce plan) (£0.662m) is being used to support the negotiated fee rates which are higher than our standard rate on all new spot packages. Domestic Violence services are forecast to underspend by (£0.240m) due to grant funding for part of the core Domestic Abuse contract. Additionally, the Manor House Contract is forecast to underspend by (£0.096m) as the number of clients (including those in the community) has reduced from 24 in April 23 to 22 September 23.
- Homelessness is forecast to overspend by £1.103m due to temporary accommodation demand. The current cost of repairs (including repairs after properties become void) is forecasted to be £0.401m overspent; the remaining overspend is due to higher homelessness applications and lower than anticipated households moving out of temporary accommodation. There was a net increase of 21 household in temporary accommodation in September 2023, compared to a net decrease of 10 assumed in the budget. Hotel use is currently at 10 households. The Old Bus Station emergency crisis accommodation is forecast to be £0.078m overspent due to increasing service charges. A pressure is expected in future years and this has been included within the 24/25 draft budget.

- **Physical Disabilities** is forecast to overspend by **£0.275m**. This is mainly due to an increase in packages offering direct payments and a reduction of Continuing Health Care joint funding packages.
- **Housing Operations (GF)** is forecast to overspend by **£0.150m**, this is mainly due to income loss on void units at Pencarrow Mews.
- **Reablement, Occupational Therapy and Internal Homecare** is forecast to underspend by **£0.633m** predominantly due to care workers vacancies within internal homecare (19 FTEs; 13FTE are in the process of starting) and reablement (10 FTEs; 8FTE are in the process of starting). Agency staff are being used and the cost associated with this is being offset by the Market Sustainability and Improvement Workforce grant.
- **Supported Housing for Older People** is forecasting to overspend by **£0.254m**. This is due to relief and overtime costs at the extra care schemes, an overview of the staffing requirements for the schemes is being undertaken.
- **Provider Services** is forecasting to underspend by **(£0.226m)**, this is mainly due to 13.82 FTEs vacancies within Internal Day Care.

Action plan for overspending areas

- A project group has been created for temporary accommodation demand, with the aim to increase the number of move-on's, as well as increasing the number of preventions which will ultimately bring down expenditure. There are currently 62 households under offer and there were ten preventions in September 2023.
- A demand management project group meets monthly, focusing initially on demand for older people's services and understanding the reasons for the increase, as well as reviewing the impact of hospital discharge. The aim will be to reduce demand by managing and offering alterative solutions (an assisted technology group has also been developed) and understanding the trends of package cost and length, as well as demand.

Service Area	Public Health	Responsible Officer	Vicky Head	Variance £m	£0.000

Key variations:

- The Public Health grant for 2023/24 is £12.522m, an increase of 3.26% from 2022/23.

- Public Health is forecasting a contribution of £0.684m from the Public Health reserve after using £0.709m for one-off projects agreed as part of the budget, including Homelessness support on running the Old Bus Station, Young People focusing on Youth Counselling, Youth Justice Knife Crime, Mental Health, supporting vulnerable gamblers and additional spend on Health Improvement on Regeneration Estates. This has reduced the value of the reserve from £2.839m to £2.155m. Over the next 2 years, £0.505m has been committed from the reserve.
- There has continued to be an underspend in Smoking Cessation services of (£0.121m) due to demand for the service not returning to pre covid levels. The demand trend is being reviewed and monitored regularly.

Key demand budgets concerns and actions

- Risk of additional costs materialising from the Agenda for Change due to NHS staff pay increase, discussions are ongoing with our legal team and commissioned providers. Guidance has now been published and the impact of the NHS staff pay increase for 2023/24 has been calculated at £0.142m. In addition, it is expected that the full pay award is funded from the Public Health Grant.

Service Area	Children's Services	Responsible Officer	Mac Heath	Variance £m	£1.842m

Key variations:

- **Home to School Transport (HTST)** is forecast to overspend by £0.399m. The number of children receiving HTST has increased from 1453 in 2022/23 to 1531 in September 23 (5% increase). This is in line with the rising number of children with an EHCP. The average weekly cost per child has remained relatively stable at £123 per week however is slightly above the average cost of £121 per week per child the budget was based upon. We have also seen a bigger increase on the family led transport and mileage packages than originally budgeted for (27% increase compared to an anticipated 18%).
- **Children's Social Work Staffing** is forecast to overspend by £0.462m across the Family Support (FST) and Children with Disabilities (CWD) teams. The overspend is partially offset by a forecast underspend in the Child and Family Practice (CFP) Teams of (£0.132m). The FST's have restructured into nine new teams, expanding from four previously. Significant investment was put into the budget to fund this change however there are a number of vacancies and long term absences which are being covered by agency staff to ensure statutory social work duties are being met and cases are allocated. Recruiting and retaining permanent staff continues to be a problem and the high level of agency use is putting a pressure on the budget. There are 28 agency workers built

into the forecast across the FST's (one of which has ended) and four in the CWD team (two of which have ended). In addition, the shortage of agency staff means that the cap on agency workers has increased to £42 an hour, further increasing the cost of agency cover.

- **Multi Agency Safeguarding Hub (MASH) staffing team** is also forecast to overspend by £0.268m. There are currently no permanent vacancies in the team however there have been a number of absences this year due to maternity leave as well as sickness. Agency workers or other secondment posts are covering these absences to ensure statutory duties are still met which has driven up staffing costs. In addition, due to delays in meeting statutory deadlines for assessments and allocations it was agreed in September 23 that the team could recruit an additional four agency workers above establishment to manage this demand. This equates to £0.150m in the forecasts until year end.
- **Children with Disabilities** is forecast to overspend by £0.363m. This is based on 211 packages (budget 192) an increase of 10% at a current average placement cost of £0.008m (budget £0.007m) an increase of 14%. Packages of support are higher than previous years due to the cohort we have currently with packages of support starting at a higher number of hours than previous years and more children requiring 2:1 support.
- **Children's Placements** is forecast to overspend by £1.131m. The minimum allowance paid to in house carers is set by the DFE annually, from April 2023 the rates were uplifted by 12.5% (budgeted 4.5%), this above inflation increase was announced after the budget was set resulting in an in-year pressure of £0.383m. The number of residential placements continues to remain as shown in the table below. In addition, the current cohort tend to be older, more complex children who are requiring specialist residential placements. Lack of placement availability nationally to meet the needs of our current cohort has meant it has been increasingly difficult to source residential placements, meaning very expensive unregulated placements have been required. This has driven up average costs which is also shown below. The total spend on these unregulated placements in the forecasts is £0.300m.

	No of Residential & Secure Placements	Average Cost (per night)
21/22	18	£755
22/23	26	£792
Sept 23	24	£907
% Increase 21/22 to Sept 23	35%	20%
% Increase 22/23 to Sept 23	-6%	15%

- **Support Living Block** is forecast to underspend by (£0.429m). Additional funding was put in the base budget in 23/24 for the new contracts that were planned to start in October 23. However, the current provision is being extended for a further six months meaning this pressure is not needed, in-year. A procurement is now underway.

Key demand budgets concerns and actions

- **Children's Placements** – the number of Looked After Children (LAC) has started to increase in recent months. In 2022/23 we had an average of 357 LAC (down from 369 in 2021/22) and in September 2023 we had 367. The main reason for this increase has been due to Unaccompanied Asylum Seeking Children (UASC). LAC numbers for non-UASC have remained steady but we are seeing older more complex children requiring specialist support and placements coming into care
- **Unaccompanied Asylum Seeking Children (UASC) and Leaving Care -** The numbers of UASC have increased. We had an average of 29 in 22/23 (up from 25 in 21/22) and in September 23 there are 43 UASC. This number will increase further as we are part of the National Transfer Scheme (NTS) meaning we are on a rota for picking up additional UASC from other Local Authorities. We will continue to be directed to accept more UASC from this scheme up until we reach our threshold which is currently 69. The UASC cohort tend to arrive in their teens and therefore only remain a LAC for a short time. This is keeping trend with our general LAC population who are older and ageing out quicker, nevertheless MKCC is still required to provide a statutory duty to support Care Leavers until 25 meaning demand in this area is increasing.

Action plan for overspending areas

- Step down plans for high costing residential placements are reviewed monthly by the Head of Service for Corporate Parenting and placement changes are chased up to avoid delays where a child can move on.
- A recruitment campaign is being actively pursued to recruit more permanent staff and all agency appointments are regularly reviewed to ensure that performance targets are being met.

Service Area	Customer and Community	Responsible Officer	Sarah Gonsalves	Variance £m	(£0.012m)

Key variations:

The service covers a number of areas such as Regulatory Unit, Leisure, Customer services, Communications, Community Safety & Solutions and Policy and Performance. The service is reporting a small underspend of (£0.012m) which is made up of a number of very small variance.

Service Area	Planning and Placemaking	Responsible Officer	Paul Thomas	Variance £m	(£0.067m)

Key Variations:

- A slowdown in the market has resulted in a forecast pressure of £0.225m in land charges income. This is partially offset against DLUHC grant income of (£0.159m).
- Urban design has forecast a reduction in income of £0.083m as in-house work on the New City Plan is being prioritised over fee-earning work with other Local Authorities.
- Development Plans & Delivery income forecast has been brought in line with ytd actuals by (£0.052m)
- An underspend of (£0.159m) is forecasted across the planning area as a result of current staff vacancies.

Key demand budgets concerns and actions

- Land charge income will continue to be closely monitored in the context of the wider economy and forecasted with consideration of previous trends.

New Pressures / Other key concerns

- Development management income is also being assessed regularly alongside land charges income, applying housing market intelligence and previous trends.
- DHLUC's direction of travel with regard to an increase in planning fees is being closely monitored.

Service Area	Environment & Property	Responsible Officer	Stuart Proffitt	Variance £m	(£0.391m)

Key Variations:

- **Parking Income and Costs –** Income is forecast to be (£1.369m) above budget at (£10.250m) which is mainly due to pay and display and employee permits and reflects the 2022/23 outturn and the revised MTFP. In line with the increase in income parking contract costs are showing a pressure of £0.127m due to costs such as non-cash fees, texts and penalty charge notices being variable and so increasing in line with income.

- **Waste Tonnage and Waste Disposal Costs**

❖ Costs at the MK Waste Recovery Park (MKWRP) are impacted by the residual waste tonnage levels. The 2023/24 budget included a (£0.400m) saving which reflected the decline in tonnages seen in 2022/23, but this decline in tonnages has continued into 2023/24. The forecast for this year is based on 76,000 tonnes rather than the budgeted 80,000 tonnes and so is showing an underspend of (£0.530m). This will continue to be monitored and any long-term changes may be reflected in the MTFP.

❖ There is an unbudgeted cost of disposing of items of upholstered domestic seating waste of £0.300m following new guidance from the Environment Agency that waste containing persistent organic pollutants (POPs) must go to incineration rather than landfill.

❖ An unbudgeted management fee for the disposal of food and garden waste of £0.250m has been recognised following negotiations with Biffa- Work will continue to mitigate this cost as the year progresses but at this stage, it is not expected to be an on-going pressure.

❖ The cost of insuring waste facilities has increased significantly over the last two years in line with the overall insurance market due to the increase in interest rates and the rising costs of meeting claims due to inflation. A Willis Towers Watson joint insurance cost report concluded that part of the increase was an exceptional cost, and that cost differential should be met by MKCC. This has resulted in a pressure of £0.102m.

❖ A review of the Thalia MKWRP contract is being conducted with the support of external consultants, which results in a pressure of £0.100m.

- **New Waste and Environmental Service Contract**

The decision to award a five-year contract to Suez Recycling and Recovery UK Ltd (Suez) to collect waste, keep the streets clean and maintain council owned green spaces and play areas from 4 September 2023, at the very end of the budget process has resulted in a number of variances mainly due to updated assumptions.

❖ Staff costs are showing a pressure of £0.220m for the 7 months on the new contract as the pay award for April 2023 was assumed to be 5% when the budget was set but the final pay award was actually 8%.

❖ The landscape contract costs are dependent on Geographical Information System (GIS) data of which there is a constant review. Work to date has resulted in additional contract costs of £0.090m following a review of the parish areas and an additional forecast pressure of £0.160m has been included as an estimate of other costs to be incurred once the GIS data review has been completed.

❖ 2023/24 is a combination of both the Serco (previous) and Suez (current) contracts and when the budget was set, assumptions on costs were made which resulted in a one-off budget pressure of £0.630m being included. However, the Serco contract extension costs are now forecast to be £0.150m more than budget, essentially due to increased inflation.

- **Street Lighting Electricity Costs** - Following an update from the MKCC energy buyer, it is forecast that electricity costs will be lower from October 2023 than budgeted. Whilst this will not be fully confirmed until all of the electricity requirement has been forward bought for the period October 2023 to September 2024, the street lighting electricity costs are forecast to be (£0.165m) lower than budget.
- **Property Operating Costs** – there is a one-off pressure being reported of £0.368m for Business Rates due to the delayed completion of the sale of Saxon Court (now forecast beginning of January 2024) and for vacant properties where rates will be incurred before the sale completes or development of the site commences.
- **Bus stop advertising -** site rental and revenue share income is forecast to be (£0.227m) above budget which is due to advertising spend being higher than assumed in the budget and reflects the 2022/23 outturn and the revised MTFP.

Key demand budgets concerns and actions

- Continued low UK economic growth coupled with inflation and higher interest costs could have a significant impact on rental income from the commercial property portfolio (bad debts and voids).
- Having completed a reinforced autoclaved aerated concrete (RAAC) initial investigation programme of the schools, which identified no problems with the maintained schools, the investigation programme will now be extended to the commercial property portfolio. However, the scope of this work has recently been expanded by the Department for Education which means that school surveys already completed may need to be expanded or redone. The cost of all of these surveys is still being determined but will be a revenue pressure. Any remedial works are expected to be funded from the Health and Safety capital budget.
- The MKWRP forecast waste tonnage is currently showing a demand saving. A further slowdown in UK economic activity could further reduce waste tonnage over the rest of the year.

Service Area	Finance and Resources	Responsible Officer	Steve Richardson	Variance £m	(£0.281m)

Key Variations:

- Revenue & Benefits - A pressure of £0.112m is expected for NEC AIX offsite processing centres, partially offset by a reduction in expected software costs of (£0.025m).

- Internal Audit - A saving of (£0.096m) has been recognised in staff costs due to on-going vacancies. Income reduction of £0.010m has also been forecasted due to a reorganisation of shared service requirements, along with previously unbudgeted audited fees of £0.020m. Further recruitment is planned to address the impact on the audit plan delivery.
- IT – There are currently no capital projects with staff costs to transfer, resulting in a pressure of £0.148m. This is all offset however, with a saving of (£0.180m) in staffing and the increase in schools income of approx. (£0.096m) above budget.
- HR - A saving of (£0.126m) is recognised in staffing due to vacancies not yet filled. However, there is an overspend of £0.022m due to an increase in Occupational Health services & a further £0.017m overspend as a result of employee DBS checks.
- Finance - Currently some vacancies within Professional Finance are resulting in an overall saving of (£0.052m). An underspend in on-going pensions of (£0.045m) has been forecasted, based on 22-23 actuals due to current year projections not yet being available.

Action Plan for overspending areas

- Revenue and Benefits are reviewing current and projected workloads to assess future resourcing requirements given changes to HB/UC and debt caseloads.

Service Area	Law and Governance	Responsible Officer	Sharon Bridglalsingh	Variance £m	£0.243m

Key Variations:

- The legal service has a staff pressure of £0.053m due to the continued use of agency staff to back-fill vacant posts. Legal income is forecasted to be lower than budgeted by £0.128m due to recognising trends in previous actuals received.
- Following a more in-depth analysis of costs within children's social care legal, additional costs have been forecasted - namely £0.069m external legal fees & £0.031m testing.

Key demand budgets concerns and actions-

- Legal income is currently forecasted below budget; further work is being carried out to assess future income levels.

New Pressures / Other key concerns

- Election costs are expected to rise in future years; this is being reflected in the MTFP.

Action Plan for overspending areas

- Continuing with a recruitment campaign in order to further reduce the usage of agency staff.

Service Area	Corporate Items	Responsible Officer	Steve Richardson	Variance £m	(£1.124m)

Key Variations:

- **Pay Award –** The 2023/24 pay award has now been agreed by the Trade Unions and will be paid to employees in November. We originally budgeted for a 4% increase in pay inflation and had forecast that the impact of the final pay offer would increase this to 6%. Following detailed calculations against current establishment, this is now lower at around 5.5%, meaning that (£0.544m) less will now be drawn down from contingency than previously forecast.

- **Tariff Risk Reserve contribution –** Since 2013 the Council has made a fixed annual contribution to this risk reserve of £580m. With the increases to interest rates, the reserve will instead be increased by interest each year and therefore the fixed contribution will no longer be required.