

General Fund High Level Revenue Summary	P9 Position			Movement since P6	
	2022/23 Full Year Budget	Forecast Outturn	Variance	Forecast Outturn P6	Movement in month
	£m's	£m's	£m's	£m's	£m's
Service					
Adult Social Care	89.078	91.717	2.639	1.834	0.805
Public Health	12.126	12.126	0.000	0.000	0.000
Children's Services	55.463	57.600	2.137	2.175	(0.038)
Customer and Community	7.340	6.935	(0.405)	(0.339)	(0.066)
Planning and Placemaking	2.065	2.172	0.107	0.183	(0.076)
Environment & Property	68.844	68.606	(0.238)	0.925	(1.163)
Resources - Retained MKC	5.447	5.685	0.238	0.517	(0.279)
Resources - Shared Services	(0.079)	(0.079)	0.000	0.000	0.000
Law & Governance	4.162	5.215	1.053	0.163	0.890
Corporate Codes & Debt Financing	1.251	(3.119)	(4.370)	(5.458)	1.088
Assets Management	(26.030)	(26.030)	0.000	0.000	0.000
General Fund Requirement	219.667	220.828	1.161	0.000	1.161
New Homes Bonus	(5.997)	(5.997)	0.000	0.000	0.000
NNDR	(55.098)	(55.098)	0.000	0.000	0.000
RSG	(5.801)	(5.801)	0.000	0.000	0.000
Public Health	(12.126)	(12.126)	0.000	0.000	0.000
Other Government Grants	(3.566)	(3.566)	0.000	0.000	0.000
Council Tax	(137.079)	(137.079)	0.000	0.000	0.000
Total Financing	(219.667)	(219.667)	0.000	0.000	0.000
Net Surplus / Deficit	0.000	1.161	1.161	0.000	1.161

Introduction

The Council General Fund Services are currently forecasting and overspend of £1.161m.

GFRA KEY VARIANCES AND MANAGEMENT ACTIONS

Table 2 - GF High Level Variations

Service Area	Adult Services	Responsible Officer	Victoria Collins	Variance £m	£2.639m
<p>Key variations:</p> <ul style="list-style-type: none"> <p>Assessment, Review and Hospital Discharge is forecast to overspend by £0.339m. The average cost of an Older People Home Care package has increased by 11% in the last 12 months and 8% since April 2022, resulting in a forecast overspend of £0.601m. The Review Team forecasting to underspend by (£0.137m) due to a vacancy and a member of the team on secondment. Activity levels within the Extra Care contract are unlikely to grow as the provider is unable to meet the levels of need, creating an underspend of (£0.445m).</p> <p>Autism Service is forecast to overspend by £0.334m. The number of packages has increased by 21% since April, in addition to this there is also a £0.097m cost to another Local Authority following the resolution of a residence issue.</p> <p>Commissioning and Contracts is forecast to overspend by £0.580m. Care home placements are forecast to overspend by £0.886m. There has been an increase in average weekly cost of placements, during December new placements for people over 65 were on average £873 compared to £687 (September 2021). This is partially mitigated by an underspend on the Manor House contract (learning disability residential placements) of (£0.140m) due to a reduction of four service users. Additionally, there is a (£0.161m) underspend in mental health commissioned services due to slippage as part of remodelling the service.</p> <p>Community Alarms and Sheltered Housing is forecast to underspend by (£0.248m) due to vacancies within the team (£0.166m) and additional service charge income of (£0.103m).</p> <p>Day Services, Short Breaks and Shared Lives is forecast to underspend by (£0.308m). This is due to staffing vacancies within the Day Care Team (£0.153m) and additional CHC funding (£0.240m), offset by a reduction in Client Contributions £0.087m.</p> <p>Homelessness is forecast to overspend by £2.133, of which, temporary accommodation is forecast to overspend by £1.936m. This is due to the delay in delivery of the invest to save project, additionally the cost of repairs (including repair of void) is forecasted to be £0.794m for 2022/23. As a result of delayed recruitment, there is a forecast overspend of £0.211m due to the level of</p> 					

agency staff. Over this financial year we have seen the average rate per night has risen from £56 to £75. However, hotel use has decreased substantially. At the end of December there were five households in hotels (nine in November).

- **Learning Disability** is forecast to underspend by **(£0.487m)**. This is due to four Transforming Care Packages (£0.114m) and four fully funded CHC (Continuing Health Care) packages (£0.405m), and additional CHC income (£0.187m). This is offset by an overspend of £0.210m, caused by four high cost supported living packages, with an annual cost of £0.059m to £0.167m, reflecting the complexity and needs of the service users.
- **Mental Health** is forecast to overspend by **£0.675m**. Supported Living is forecast to overspend by £0.363m due to an additional five placements, residential care is forecast to overspend by £0.146m due to an additional six placements, and nursing home placements are forecast to overspend by £0.180m due to an additional three placements, compared to budget.
- **Physical Disabilities** is forecast to overspend by **£0.472m**. This is mainly due to the number of home care packages, which have increased by 52% in the last 12 months and 9% since April, resulting in a forecast overspend of £0.404m.
- **Reablement, OT and Home Care** is forecast to underspend by **(£0.644m)**. This is due to staffing vacancies across homecare (£0.413m), out of hours internal home care (£0.095m), and Occupational Therapy (£0.112m). Whilst this service area is experiencing difficulties in recruiting to the vacant posts, a recruitment plan is in place, which included a recruitment campaign in November.

Key demand budgets concerns and actions

- Temporary Accommodation – The impact of the current economic climate and high inflation could result in an increase in households presenting at homeless.
- There has been a significant increase in care home placements (15%) since 2020, because of processes implemented during Covid predominately around hospital discharge. The unit cost has also increased due to lack of capacity in the market.
- We have received £2.152m Hospital Discharge Monies to assist with the facilitation of hospital discharge over winter, a plan is currently in place and being monitored. Depending on the activity, there will be a decrease in the forecasted overspend on reablement, domiciliary care and care home expenditure.

Action plan for overspending areas

- A new 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 106 households

under offer and preventions increased from 8 during November to 17 households during December, we are anticipating this increasing further due to introduction of face-to-face appointments.

- A demand management project group has been re-established, focusing initially on demand for older people’s services. The aim will be to reduce demand by offering alternative solutions and determine the baseline for our services moving forward following disruption to trends and services over the COVID period.

Service Area	Public Health	Responsible Officer	Vicky Head	Variance £m	£0.000m
Key variations:					
<ul style="list-style-type: none"> • The Public Health grant for 2022/23 is £12.126m, an increase of 3.34% from 21/22. • Public Health is forecasting a contribution of £0.196m from the Public Health reserve after using £0.643m for one-off projects agreed as part of the budget, including Post-Covid Active MK, health outcomes on regeneration estates and Health Inequalities Improvement project. This decreases the value of the reserve from £2.437m to £2.309m. • There has continued to be an underspend in Sexual Health services of (£0.172m) due to the re-prioritisation of GP appointments during and following Covid, additionally there is low spend for Out of Area costs. The demand trend is being reviewed and monitored regularly. 					
Key demand budgets concerns and actions					
<ul style="list-style-type: none"> • There may be a potential increase in demand for sexual health and NHS health check services due to the lower level of activity during Covid related lockdowns however the current trend is expected to remain static, this is being monitored in monthly forecast sessions. • 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, there is a potential risk of £0.289m for 23/24 and this will increase year-on-year in line with pay inflation. 					

Service Area	Children's Services	Responsible Officer	Mac Heath	Variance £m	£2.137m
Key variations:					
<p>Children's Social Work is forecast to overspend by £0.588m. There are significant staffing pressures within the Family Support Teams which has resulted in needing agency staff to cover vacancies, maternity, sickness, and other absences totalling £0.120m. There is a shortage of agency social workers nationally so to deal with the unallocated cases within the service an external agency was commissioned for a six-month fixed term contract which came to an end in December. The cost of this contract was £0.428m which was funded from external one-off grant income. Following the end of this contract a further 2 agency workers have now started to work on the remaining unallocated cases. These workers are forecast to cost £0.050m and will be working in the service until year end. There has also been an increase in the number of families with no recourse to public funds which are therefore entitled to housing and personal allowance support whilst their application to the Home Office for leave to remain is processed resulting in a pressure of £0.143m. Finally, the cost of care packages for children with disabilities is increasing as families are needing more support hours. This has resulted in a forecast overspend of £0.239m. The average care package cost is £6,231 compared to £4,661 in December 21, an increase of 34%. In addition, the number of support packages has increased to 211 from 200 over the past 12 months, an increase of 5%</p>					
<ul style="list-style-type: none"> Corporate Parenting is forecast to overspend by £1.376m. Demand for placements nationally is high and there is not enough capacity in the market to meet this demand. For MK there have been significant placement requests for children with complex needs and the market is not set up to meet this level of complexity, as a result we are struggling to place some young people in foster care. Standard residential beds are hard to find because residential providers are having significant staffing issues, so providers are mothballing and deregistering homes which is reducing capacity - one in six providers (17%) have left a Commissioned Framework in the last year. This means that a young person not requiring residential (certainly not specialist residential), is having to be placed in one due to lack of provision generally in the independent sector. The average number of residential placements in 2021/22 was 16, however we have seen an average of 24 between April 2022 and December 2022, that's an increase of 50%. Special Educational Needs and Disabilities is forecast to underspend by £0.146m as a result of vacant posts that are out for recruitment or being held vacant in the short term and a lower amount of short break vouchers being required by children and families. Sufficiency, Access, and Attendance is forecast to overspend by £0.669m mainly due to an increase in demand for home to school travel. There are currently 1,473 children receiving transport compared to 1,392 in December 21, an increase of 81 children (5.5%). However, the number of commissioned contracts has reduced by 148 over the last 12 months and there are currently 187 contracts 					

in place. The weekly cost of contracted transport is currently £0.155m per week compared to £0.148m 12 months ago an increase of £0.007m. Education Health and Care Plan (EHCP) numbers continue to increase, and this does impact on children requiring transport. There has been an increase in the number of children with EHCP to 2,739 in December 2022 from 2,420 in December 21, 13% increase. Work continues to rationalise existing routes; however, this is against pressure from some providers requesting an increase in rates given the current cost of fuel. Furthermore, there has been a substantial increase in the number of Exceptions and Appeals, the Tea Panel is receiving this is higher than previous years trends.

Key demand budgets concerns and actions

- Children's Placements - whilst the number of LAC remains stable (363 in April and 361 in December, of which UASC were 28 in April and 31 in December) there are several other placements such as special guardianship and adoptions which continue to increase - this is positive for permanency for children, however there is a financial cost to supporting these placements. There is also a national issue with supply of places, particularly in high-cost placements such as secure and mother and baby, where we are also seeing an increase in complexity since the pandemic, particularly around mental health. The lack of supply of specialist placements is driving up unit costs putting increasing pressure on the budget. We are also seeing an increase in use of external placements due to the lack of in-house capacity and it is also expected that UASC numbers may rise during the financial year because of the National Transfer Scheme (NTS) in which UASC have been moved from another Local Authority. This is impacting on the overall number of placements available for LAC and Care Leavers.
- Since the pandemic, an increase in the demand and complexity of the mental health of young people has placed a demand on health colleagues on their mental health units, which can impact placement stability and the need for more social care intervention.
- Children's Social Care Staff – there continues to be several vacancies across front line social work posts, and it is anticipated 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 given a general national shortage of social workers.
- Home to School Travel – the number of Education and Health Care Plans (EHCP) in MK (and nationally) is increasing and this is impacting the transport budget, as children are being allocated to the school that can best meet their educational needs, which is often outside of catchment. The service continues to ensure that value for money and efficiency is being achieved through ongoing re-procurement as appropriate and through the introduction of route planning.

Action plan for overspending areas

- The Children's Services Programme Board will be meeting regularly to review progress on delivery the Children's Services Service Plan and addressing the pressures across the service.

Service Area	Customer and Community	Responsible Officer	Sarah Gonsalves	Variance £m	(£0.405m)
Key variations:					
<ul style="list-style-type: none"> • There are forecast underspends due to vacant posts in Policy and Performance of (£0.106m). • Grants received towards Home Office Citizenship Ceremonies totalling (£0.085m) have been forecasted. • There are forecast underspends of (£0.081) due to vacant posts in the Regulatory unit. • There is a pressure of £0.055m relating to the City of Codes and Lights event offset by staff vacancy savings of (£0.090m) within the Leisure area. • Higher income than budgeted within Leisure amounts to (£0.070m), due to the % share in income from the Abbeyhill golf course (membership income). 					

Service Area	Planning and Placemaking	Responsible Officer	Paul Thomas	Variance £m	£0.107m
Key Variations:					
<ul style="list-style-type: none"> • Due to restructures and efficiencies made to staffing, we are now reporting an underspend of (£0.116m) in staffing. • Due to the decrease in construction and property sales, planning application income is forecast to reduce by £0.330m; land charges income is forecast to reduce by £0.122m partly offset by an increase in planning obligation income of (£0.062m). Close monitoring will continue. • An underspend is forecast due to a vacant graduate scheme post in the National Graduate Development Programme, saving (£0.050m) 					

Key demand budgets concerns and actions

- There is a concern regarding a reduction in planning application income and land charges income compared to profile; this is being monitored closely to see if this is likely to impact on the outturn position. An increase in planning fees is anticipated this financial year, subject to the confirmation of the Levelling Up bill, which would off-set the drop in demand if implemented. Changes to the structure of fees for Land Charges is being investigated to take effect in 23/24.

Service Area	Environment & Property	Responsible Officer	Stuart Proffitt	Variance £m	(£0.238m)
Key Variations:					
<ul style="list-style-type: none"> • Rising inflation is resulting in additional pressures within Environment & Property of £1.419m which includes a forecast increase of £0.643m for electricity costs relating to street lighting of £0.531m and buildings of £0.112m anticipated from October based on the revised energy contract prices; £0.072m inflation for gas costs relating to buildings, £0.300m increased contractual inflation across waste and other environment contracts, and £0.404m for highways maintenance inflation. 					
<p>The other significant forecast pressures and savings are summarised below.</p>					
<p>Several of the variances are on-going and therefore reflected in the 23/24 budget.</p>					
<ul style="list-style-type: none"> • Income from car parking is forecast to be (£1.400m) above budget which is mainly due to pay and display (P&D) and employee permits; in particular, there was a spike in the December P&D income. However, initial indications for January is that this is not a reversal of the trend. • The Residual Waste Treatment Facility (RWTF) is forecast to be (£0.918m) underspent due to a reduction in the projected tonnage of waste; there has been a continuing decline in tonnage throughout 22/23 although increasing slightly in November. • Concessionary fares are forecast to be (£0.276m) underspent. The budget was based on 80% pre covid occupancy and, following DFT guidance, concessionary payments are being made at 80% of pre covid levels rather than actual patronage under the English National Concessionary Travel Scheme (ENCTS). Although the budget was reduced in 21/22 to this 80% level, there was some uncertainty that patronage levels going forward may rise above this level, so some contingency remained in the 22/23 budget. 					

- The Waste Transfer Station is currently forecasting a pressure of £0.382m. However, the service has absorbed a pressure of £0.700m from a loss of rental income as a result of a necessary change to the contract. This contractual income pressure was included in the MTFP in 23/24 but has been incurred earlier than originally expected. This is being offset though to a degree by the new contract arrangements whereby MKCC receives a share of the Dry Mixed Recycling income.
- The cost of the internal fleet is currently forecast to be £0.112m over budget. This budget has always been under some pressure but due to a detailed review of the general council services requirement for vehicles over the next few years (with the aim of reducing costs), the current contract was extended and in doing so, inflationary costs were greater than expected.

Other in year variances are as follows:

- Bus stop advertising site rental and revenue share income is forecast to be (£0.127m) above budget which is due to advertising spend being higher than assumed in the budget. There is a contractual change due soon and there was some nervousness about this income if there was a recession. If this increase is long term, it can be reflected in the next budget setting process.
- Environmental crime income is forecast to be (£0.120m) above budget which is due to the fixed penalty notice (FPN) revenue share, mainly in relation to littering and fly tipping, being higher than assumed in the budget. However, the longevity of this income stream and the costs to administer are still to settle down. Again, if this proves to be on going, it can be reflected in future budgets.
- A one-off Communication Plan cost results in a £0.450m overspend. The communication plan is required to support the new wheeled bin roll out programme in order to maximise both the efficiency of the new waste collection contract implementation and highlight to residents the most effective ways to dispose of household waste which could have long term benefits for the Council's costs and recycling income.
- There has been a delay in the completion of the sale of Saxon Court which has resulted in a forecast pressure of £0.282m for the continuing NNDR liability after allowing for three-month empty property relief. In addition, there have been heating, boiler and repairs costs to corporate properties (including CMK Library) along with added exit costs of the bundled FM services contract which have resulted in a pressure of £0.235m.
- Delayed rental income on the Whitehouse Health Centre due to the fit-out work for Milton Keynes University Hospital results in a pressure of £0.250m.
- Parking contract costs are currently showing a pressure £0.100m essentially due to the increase in parking volumes; costs such as non-cash transactions at the parking meters and penalty notices are variable so increase as the income increases.

- Property income is forecast to be £0.194m below budget reflecting turnover within the portfolio and the pending disposal of Tickford Fields Farm.
- An NDR review has identified that costs have been incurred at a site in Wolverton incorrectly and a 5-year rebate has been approved, resulting in an underspend of (£0.141m).
- Several waste contracts are showing underspends; Household Recycling Waste Centre and Food and Garden Waste Disposal are (£0.129m) and (£0.130m) below budget respectively due to lower tonnages and Street Cleansing is (£0.197m)
- Highways Adoptions income – section 38 and section 278 for the assessment and inspection of new street and improvement works are forecast to be (£0.356m) above budget due to development activity being net of costs greater than assumed in the budget.

Key demand budgets concerns and actions

- The RWTF forecast waste volumes are currently showing a demand saving. This is being monitored closely each month; a further slowdown in economic activity could further reduce waste tonnage in the latter part of the year. The new contract arrangements at the WTS came into effect in April 2022, meaning that it is taking time to forecast the impact on the volume of waste, the costs of disposal and the corresponding recycling income. The actual and forecast volumes will continue to be monitored and the forecast updated accordingly.
- A demand saving on concessionary fares has been forecast but small changes in patronage behaviour over the latter part of the year could impact on the costs. The actual and forecast patronage levels will continue to be monitored and the forecast updated accordingly.

New Pressures / Other key concerns

Possible pressures:

- A UK recession along with higher energy and interest costs could have a significant impact on parking income, rental income from the commercial property portfolio, Highways Adoptions income and bus stop advertising income.

Possible opportunities for reduced costs or increased income

- Parking usage is now stabilising with the latest full year income projection being £1.700m greater than budget. This positive variance has partly been factored into the forecast (£1.400m) and income trends will continue to be closely monitored. However, a downturn

in the economy as a result of higher energy and interest costs could have an impact on pay and display income in the final quarter if fewer shoppers visit CMK.

Action Plan for overspending areas

- Street Lighting - A business case for a further LED street lighting lantern replacement programme has been put forward for inclusion within the capital programme. Significant reductions in electricity usage are forecast to be realised in future years.

Service Area	Finance and Resources	Responsible Officer	Steve Richardson	Variance £m	£0.238m
Key Variations:					
<ul style="list-style-type: none"> • IT Centralised Software and Systems – An overspend of £0.140m is forecasted due to inflationary increases in software licenses, which is netted off by (£0.070m) vacancies and income from schools in excess of budget (£0.070m). 					
<ul style="list-style-type: none"> • Pressure on housing benefit subsidy recovery is £0.392m. The ongoing pressure in the main is due to the lack of opportunity to recover costs via Ongoing Benefit Recovery due to the Universal Credit migration. 					
<ul style="list-style-type: none"> • The audit function has savings of (£0.086m) due to vacancies in the department. 					
<ul style="list-style-type: none"> • A savings has been recognised within HR due to lower training needs than profiled as various areas are carrying out their training locally, saving (£0.082m). Staff vacancy savings of (£0.050m) in HR operations is offset by £0.062m pressure from various items including inflation on utilities in PDC, and unachievable income targets related to ceased services. 					
Action Plan for overspending areas					
<ul style="list-style-type: none"> • IT Centralised Software and Systems – The department has placed a limit on document sizes to be printed to ensure the most efficient resource is used. It is hoped that this will result in a 10% reduction in print costs across the organisation. 					
Revenues and Benefits					
<ul style="list-style-type: none"> • The Revenues & Benefits and the HR budgets are being reviewed to ensure a more efficient use of resources and to streamline the cost centres. 					

Service Area	Law and Governance	Responsible Officer	Sharon Bridglalsingh	Variance £m	£1.053m
Key Variations:					
<ul style="list-style-type: none"> • A £0.535m pressure on agency staff and consultants to cover staffing vacancies and increase the size of the team to deal with the pressures on the legal service has been forecasted. • A £0.482m pressure on specialist testing and external legal fees for barristers and advocates attending courts within the children’s social care legal service has been recognised, as a result of the increase in court required testing for guardian suitability and the increased time for completion of cases given the current backlogs. • Member’s Allowances has an underspend of (£0.031m) due to members not claiming allowances. (Some of the members are occupying 2 roles but can only claim once) • A £0.118m pressure on postage and carriage has been forecasted, due to higher associated materials costs, and an increase in the number of postal voters; this is partially offset by payroll savings against budget for the running of elections (£0.073m). • A £0.022m pressure for VAT repaid to HMRC as a result of review carried out into the 2019/20 Elections claims to ensure VAT compliance has been recognised. 					
Key demand budgets concerns and actions-					
<ul style="list-style-type: none"> • The £1.2m budget for Legal Advice within Children’s Social Care has been transferred to the Legal department so that the work can be managed in house and benefit from the associated economies of scale. Non-controllable items are included in here and pressures are being assessed. • £0.923m on agency staff at a higher cost is forecasted, to cover staffing vacancies and increase the size of the team to deal with the pressures on the children’s social care legal service but is offset by an underspend of (£0.440m) from within the core staff budget. 					

New Pressures / Other key concerns

- A review was carried out into the 2019/20 Elections claims to ensure that VAT incurred was not recovered, as national elections are funded VAT-inclusive by Central Government. As result of the review £0.021m VAT was repaid to HMRC and an associated pressure was identified for Elections. Periodic reviews will be carried out in the future to ensure on-going compliance.

Action Plan for overspending areas

- The Head of Legal Services is reviewing the staffing establishment, with the aim of recruiting to vacancies and reducing agency staff costs and reliance.
- £0.180m additional expenditure on external advocates, to deal with the backlog on the children's social care legal service, has now been transferred to the Covid Recovery Fund.

Service Area	Debt Financing & Corporate Items	Responsible Officer	Steve Richardson	Variance £m	(£4.370m)
Key Variations: <ul style="list-style-type: none">• Increases in bank rate since the budget was set, are seeing higher investment rates than planned. Investment income is forecast to be (£3.700m) better than budget.• Confirmation of the HPG Grant was received late after the budget was set and therefore an additional (£0.509m) will be received this year.					