

**MIDDLESBROUGH COUNCIL**

**EXECUTIVE REPORT**

**2011/12 Revenue Outturn**

**Deputy Mayor & Executive Member for Resources**

**Director of Strategic Resources**

**19 June 2012**

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**PURPOSE OF THE REPORT**

1. To present to the Executive the 2011/12 revenue outturn position.

**SUMMARY OF RECOMMENDATIONS**

2. Executive Members are asked to: -
- a) Note and consider the contents of report
  - b) Approve the changes to the reserves as set out in paragraph 126

**IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?**

3. It is over the financial threshold (£150,000)
- It has a significant impact on 2 or more wards
- Non Key

**DECISION IMPLEMENTATION DEADLINE**

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent

Urgent report

If urgent please give full reasons

**EXECUTIVE SUMMARY**

5. The outturn of the Council showed a strong, positive financial position with all services showing improvements on the figures reported at quarter 3. There was a clear focus on managing vacancies in preparation for budget cuts in later years, restricting supplies and service spending to essentials and making the best use of grant funding. There was also significant one off savings and income across all service areas.
6. The overall positive outturn included significant pressures within services:
  - Over the year Children Families and Learning reported increases in demand led pressures on safeguarding, which are ongoing.
  - Car parking Income was down significantly because of increased competition and reduced demand.
7. The additional savings have allowed the Council to place additional funds in the Change programme reserve and the reserve for demand led pressures in Social Care & Vulnerable Children.
8. Given the size and scope of the Council's budget, the report covers material variances from budget of £10,000 and above.

## **BACKGROUND AND EXTERNAL CONSULTATION**

9. On the 7<sup>th</sup> March 2011 the Council set its revenue budget at £136.508 million for 2011/2012. A Council Tax increase of 2.5% for Middlesbrough Council was approved and will be funded from the Council Tax Freeze grant.
10. In setting the 2011/2012 budget, approximately £6.9 million of efficiency savings were identified. The Council approved an extra £3.3 million for key services; including:
  - £2.30 million for Children Families and Learning
  - £0.75 million for Social care for older people and disadvantaged groups
  - £0.115 million for Regeneration.
11. The final outturn position for 2011/2012 is a net budget saving of (-£506,000). This represents a 0.37% saving against the £136.508 million 2011/2012 budget. The projected outturn position is summarised below:

	<b>Estimated 3rd Qtr Outturn Variance</b>	<b>Final Outturn Variance</b>	<b>Variance</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Children, Families and Learning	1,340	-152	-1,492
Social Care	-624	-1,200	-576
Environment	-201	-567	-366
Regeneration	-94	-304	-210
Corporate Services	282	-531	-813
Central Costs & Provisions	-845	-449	396
Allocation to Reserves & Provisions	0	2,697	2,697
<b>Total</b>	<b>-142</b>	<b>-506</b>	<b>-364</b>

A breakdown of Gross Expenditure and Income budgets against projected Expenditure and Income outturns are contained in Appendix A.

**Children, Families and Learning: (-£152,000) saving up from (+£1,340,000) pressure at quarter three**

12. The service achieved a net saving of (-£152,000) as summarised below: -

	<b>Estimated 3rd Qtr Outturn Variance</b>	<b>Final Outturn Variance</b>	<b>Variance</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Commissioning & Resources	-341	-160	181
Achievement	-5	-140	-135
Children's Trust & Performance	-371	-693	-322
Schools Budget	0	0	0
Strategic Management	0	30	30
Safeguarding	2,057	811	-1,246
DSG	0	0	0
<b>Total</b>	<b>1,340</b>	<b>-152</b>	<b>-1,492</b>

13. A detailed breakdown of the efficiency savings is shown in appendix B.
14. **Commissioning and Resources: -£160,000.** There was a net pressure on staffing in Commissioning & Resources of (+£48,000). Offset by a saving of (-£20,000) on Management Information costs. The MTLC received additional income surplus of (-£32,000). The receipt of a one-off contribution from Middlesbrough PCT in respect of supporting the continued commissioning of the Young Carers Service produced a saving of (-£50,000) on the Children's Fund.
15. Childcare Sustainability made savings on advertising (-£15,000), professional fees (-£21,000) and grants to organisations (-£51,000).

16. **Achievement: -£140,000.** The Head of Service budget produced a saving of (-£13,000) due to unbudgeted income and savings on pension costs. Savings on supplies and services were made on Schools causing Concern (-£13,000), Asylum Seekers (-£27,000), Communication, Language & Literacy (-£17,000) and Secondary National Strategy (-£15,000).
17. Unbudgeted redundancy payments caused a pressure of (+£112,000) on the 16-19 Transfer budget. There were also pressures on the Extended Schools (+ £32,000) relating to staff costs arising from a delay in issuing redundancy notices and on Primary Strategy (+£22,000) due a delay in the transfer of a member of staff.
18. National Challenge achieved savings of (-£81,000) due to unspent Early Intervention Grant (EIG) funding. There were also savings on the Special Education Needs (SEN) admin budget on vacant Additional Service Provision (ASP) posts (-£36,000) and room hire (-£13,000).
19. The Playing for Success ended in August 2011 resulting in a net staffing saving of (-£39,000). There was a saving of (-£39,000) on Education Business Partnerships. Other running costs savings made across Achievement totalled (- £20,000).
20. **Young Peoples' Services: -£693,000.** Vacancy Freeze savings of (-£74,000) were achieved across the service area and there was a saving on Operation Stay Safe (- £17,000) due to unspent Early Intervention Grant (EIG) funding. Significant savings were achieved on Integrated Youth Service costs. A restructure of the service during 2011/12 resulted in a freeze on the recruitment of Sessional and Agency staff saving (- £121,000), a freeze on supplies and services purchases saved (-£235,000) and there were also savings on rent and dilapidation costs (-£82,000. The reduction in expenditure is related to the early achievement of savings for 2012/13.
21. The withdrawal of the council subsidy for Carlton Outdoor Centre produced a saving of (-£87,000). There was also a saving on the Youth Justice Intensive Intervention Project (-£50,000) as management and overhead costs relating to this project were absorbed within the Youth Offending Service (YOS). Savings were made on Children's Trust supplies and services costs (-£27,000).
22. **Strategic Management: +£30,000.** A pressure of (+£30,000) was incurred as a result of overtime costs relating to the Safeguarding Ofsted Inspection (+ £42,000) partly offset by savings on supplies and services costs (- £12,000).
23. **Safeguarding: +£811,000.** Significant pressures were incurred on the **Children Looked After** section. A pressure of (+£774,000) was incurred on the Independent Fostering agencies. At the end of March there were 140 placements, 135 full-time and 5 respite care. A full breakdown is included in the following table, previous years data is shown in brackets for comparison:

<b>Month</b>	<b>Placements Start of Month</b>	<b>New Placements</b>	<b>Ceased Placements</b>	<b>Placements End of Month</b>
April	108(107)	15(7)	9(4)	114(110)
May	114(110)	6(6)	6(4)	114(112)
June	114 (112)	15(7)	5(7)	124(112)
July	124(112)	11(20)	8(17)	127(115)
August	127(115)	17(7)	8(7)	136(115)
September	136(115)	4(2)	8(13)	132(104)
October	132(104)	7(11)	6(4)	133(111)
November	133(111)	7(6)	8(11)	132(106)
December	132(106)	13(7)	10(4)	135(109)
January	135(109)	7(8)	5(6)	137(111)
February	137(111)	2(4)	3(6)	136(109)
March	136(109)	8(1)	4(2)	140(108)

24. There was a net pressure on Children's Agency Residential Schools costs of (+£1,918,000). There were 56 residential placements at the end of March 2012 compared to 43 at March 2011, a full breakdown of placement numbers is shown in the following table with previous years data shown in brackets for comparison:

<b>Month</b>	<b>Placements Start of Month</b>	<b>New Placements</b>	<b>Ceased Placements</b>	<b>Placements End of Month</b>
April	43(31)	4(3)	1(0)	46(34)
May	46(34)	3(4)	1(1)	48(37)
June	48(37)	5(4)	1(5)	52(36)
July	52(36)	8(8)	6(6)	54(38)
August	54(38)	6(2)	4(6)	56(34)
September	56(34)	6(2)	7(0)	55(36)
October	55(36)	7(0)	7(3)	55(33)
November	55(33)	7(5)	4(1)	58(37)
December	58(37)	5(2)	11(2)	52(37)
January	52(37)	7(5)	6(2)	53(40)
February	53(40)	8(4)	6(7)	55(37)
March	55(37)	6(11)	5(5)	56(43)

25. A delay in renegotiations of the Five Rivers Residential Service resulted in a pressure of (+£22,000). The Fostering Team had a net pressure of (+£11,000) on staffing and telephone costs. There was also a pressure of (+£95,000) on in-house fostering as a result of an increase in the number of children placed with connected persons (previously Family and Friends) and a special guardianship for a sibling family of four. Personal Education Allowances were stopped producing a saving off (-£68,000).

26. The **Assessment and Care Management section** made a saving of on supply and services of (-£27,000) in the Review and Development Unit. The Children Looked After team achieved savings of (-£24,000) mainly on staffing and transport costs. A further saving of (-£31,000) was made on the Child and Adolescent Mental Health Services (CAMHS) budget relating to the Tees, Esk and Wear Valley Service Level Agreement (SLA).
27. A pressure of (+£70,000) was incurred on the Locality Teams, Enquiry and Assessment Team budgets mainly due to higher than expected rent, telephone, supplies & services and transport costs.
28. There was a net pressure of (+£11,000) on the **Family Support Service budget**. The Supervised Contact team incurred costs of (+£63,000) to meet the demand of new referrals. There were also pressures on the Managers Resources (+ £23,000) from the use of agency/additional Social Workers and on Direct Payments (+ £23,000).
29. Savings of (-£28,000) were made on Regular Payments due to an anticipated increase in care orders not fully materialising. There were also savings on the Locality Team & Children Looked After Section 17 budgets (-£40,000) due to reductions in spending following an audit review. The Family Resource Team made savings of (-£21,000) on staffing costs.
30. **The Other Children and Family Service** made a net saving of (-£86,000). A saving of (-£59,000) was achieved on Adoption fees due to the timing of fee approvals and on supplies and services (- £11,000) relating to The Young Persons Substance Misuse Grant and on Teenage Pregnancy.
31. In the **Management Support Section** there was a pressure of (+£137,000) on Legal Fees and Welfare Court Costs owing to an increase in fee charges and the high level of demand for the service. This was partly offset by minor savings of (-£10,000) on running costs. A delay in commencing projects resulted in a saving of (-£321,000) on the Early Intervention Grant.
32. Significant savings were achieved on **Sure Start** costs. Vacant posts and reduced spending on supplies & services costs have produced savings of (-£603,000) on Locality Team budgets. Savings of (-£40,000) were achieved on Sure Start Management Support costs due to cuts in the commissioning of services during the year. The reduction in expenditure is related to the early achievement of savings for 2012/13.
33. All Sure Start care placements were funded via available Early Intervention Grant allocations saving (-£49,000).on the Assisted Childcare budget. The Family Information Service achieved savings of (-£85,000) mainly on premises costs due to the mid year move to existing Council premises from rented accommodation and on staffing. A reduction in spending on supplies & services was achieved for Stainsby Day Nursery of (-£50,000)

34. Savings of (-£140,000) were achieved on Workforce Development and the Graduate Leader program. This reflects a reduction in training and degree course placements and also a reduction in the commissioning of services. A reduction in spending on supplies & services has resulted in savings on SEN/Inclusion and Foundation Stage (-£24,000) and on the Bright Stars Day Nursery (-£19,000).
35. There were savings of (-£40,000) on the 2 Year Pilot scheme costs. Further savings were achieved on the Parenting 5+ budget (-£305,000) due to a reduction in the commissioning of services and because of vacant posts. A saving of (-£13,000) was made on Parenting Training due to revised arrangements on the training SLA with Tees Valley Housing.
36. Confirmation that there will be no claw back on previous years Sure Start underspend means the funding is a saving of (-£210,000) in 2011/2012.
37. Vacancy Freeze savings of (-£67,000) were achieved across Safeguarding.
38. A detailed breakdown of the efficiency savings is shown in appendix B.

**Social Care: (-£1,200,000) saving up from (-£624,000) at quarter three.**

39. The service achieved a net saving of (-£1,200,000) as summarised below:

	<b>Estimated 3rd Qtr Outturn Variance £'000s</b>	<b>Final Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Service Strategy	-38	-29	9
Older People	24	35	11
Physical disability / Sensory Impairment	-217	-236	-19
Learning Disabilities	-106	-428	-322
Mental Health	-195	-295	-100
Other Adults Services	1	-3	-4
Ayresome Industries	245	476	231
Integrated Transport Unit	-132	-83	49
Asylum Seekers	-154	-186	-32
Domiciliary Care	198	208	10
Adults Holding Accounts	-343	-487	-144
Performance & Planning	-27	-74	-47
Demand Led Budgets	457	443	-14
Supporting People	248	144	-104
Direct Payment Surpluses	44	-74	-118
Inflation budgets	-636	-636	0
Bad Debt Provision	7	25	18
<b>Total</b>	<b>-624</b>	<b>-1,200</b>	<b>-576</b>

40. **Service Strategy: (-£29,000).** A budget saving of (-£29,000) was achieved following the reconfiguration of the senior management team.

41. **Older People: (+£35,000).** An outturn pressure of (+£89,000) has occurred on the Carelink Service from a shortfall in service user income. A review of the charging structure is taking place in an attempt to address this pressure in future years. It is proposed to charge a single flat rate, rather than have a range of seven service levels with different prices to encourage an increase in take up.
42. Residual 2010/11 payments to care providers resulted in a pressure of (+£56,000). A review of the care needs for one residential placement coincided with a change in ownership of the home, resulting in the unit cost increasing from £389 to £997 per week, a pressure of (+£33,000). In addition to this, the annual care homes banding review in October 2011 resulted in increased costs of (+£50,000). Additional income from service user contributions (-£55,000) partially offset these pressures. Staff vacancies across the Older People's service have exceeded the abatement target by (-£138,000).
43. **Physical Disabilities: (-£236,000).** Savings as a result of the Sensory Loss service transferring to Middlesbrough from Redcar & Cleveland Council have exceeded the efficiency target by (-£24,000). Additional net contributions to care packages from Middlesbrough Primary Care Trust (PCT), have been received totalling (-£140,000). Of this, £80,000 relates to service users attending The Orchard Centre. Delays in recruitment to vacant posts across the service have resulted in savings of (-£139,000). Further savings have been made on equipment supplied by Tees Community Equipment Service (-£22,000). Payments for two additional placements have resulted in additional costs of (+£89,000).
44. **Learning Disabilities: (-£428,000).** Health contributions towards a service user's care package were backdated to February 2009 resulting in additional income of (-£95,000). There has also been an increase in Middlesbrough Primary Care Trust's contributions to other care packages of (-£105,000). Posts are currently being held vacant at St Paul's Road pending the transfer to the Levick House site in 2012/13 resulting in a saving of (-£46,000).
45. The increased take up of personal budgets has led to a reduction in purchased day care and a saving of (-£62,000). There is also a saving on other care package costs from additional service user contributions, suspended payments and reduced unit running costs (-£23,000). Staffing vacancies across the service have resulted in savings of (-£130,000) and there have also been savings on running costs of (-£59,000). An on-going dispute with Cheshire PCT regarding the funding for one service user has yet to be resolved and no contribution from the PCT has been assumed at this stage resulting in a budget pressure of (+£92,000).
46. The overall outturn position for Learning Disabilities improved considerably since quarter three mainly due to the fact that on-going discussions with a care provider relating to historical payment rates have been resolved and an assumed charge for back payments relating to previous years of £182,000 was not required.
47. **Mental Health: (-£295,000).** Payments for one service user, backdated to June 2008, had to be made at a cost of (+£30,000). This was offset by the receipt of additional income from service users and Middlesbrough PCT (-£14,000) and a reduction in unit running costs of (-£14,000).

48. Additional income at Sunningdale residential unit has been achieved from “out-of-borough” service users staying longer than anticipated (-£23,000). Savings have been achieved on the Section 117 budget (-£73,000) and as a result of vacancies (-£172,000). Savings have also been made on the Mental Capacity Act budget as a result of the re-tender for the Advocacy contract and the number of Deprivation of Liberties assessments being lower than expected (-£30,000).
49. **Asylum Seekers: (-£186,000).** The service carried forward a surplus of (-£307,000) from 2010/11 on the Asylum Seekers - National Asylum Support Service (NASS) contract. The NASS contract ceased in May 2011 and the residual costs of the programme during 2011/12 totalled (+£138,000). Work has been undertaken to reduce the cost of failed asylum seekers, in particular by the use of shared accommodation, resulting in a saving of (-£17,000).
50. **Domiciliary Care: (+£208,000).** A shortfall in service user income created a pressure of (+£38,000). There was also a pressure on the efficiency savings target for a reduction in the number of purchased care hours (+£33,000). Income from PCT contributions to the cost of care packages were lower than expected due to a fall in the number of jointly funded service users causing a pressure of (+£64,000). A delay in the implementation of the revised fairer charging policy to the 1<sup>st</sup> April 2012 resulted in a further pressure of (+£83,000). There were some minor savings on staffing costs of (-£10,000).
51. **Adult Holding Accounts: (-£487,000).** Staff savings, additional health contributions and the cancellation of planned improvement works at The Orchard have resulted in savings of (-£245,000) on the Social Care Reform budget.
52. The Local Involvement Network contract with the Carers Federation was initially due to expire on the 31<sup>st</sup> May 2011, however, the contract was extended until 31<sup>st</sup> March 2012 at a reduced price resulting in savings of (-£50,000). Workforce development costs were significantly lower than expected producing a saving of (-£122,000). Commitments against the Carers budget were reviewed during the fourth quarter and any non-essential spending was cancelled resulting in savings of (-£42,000). There has also been a steady reduction in charges for the Direct Payment Management Service since October 2011 with a saving of (-£28,000).
53. **Demand led Budgets: (+£443,000).** The service provision for increased demand in 2011/12 was £500,000. The actual full year cost of increased demand across the service was £943,000, a pressure of (+£443,000) across the service.
54. **Inflation Budgets: (-£636,000).** A freeze on care packages prices achieved savings across the service of (-£636,000).
55. **Supporting People: (+£144,000).** The final outturn pressure on Supporting People was (+£144,000). This represents an improvement of £105,000 on the position reported at the end of the third quarter. An outstanding debt for which provision had been made for non-payment was paid in full during the fourth quarter, saving (-£34,000) and a contract re-negotiation reduced prices with effect from 1<sup>st</sup> March 2012 saving (-£51,000). The closure of the Roxby Avenue scheme during quarter four resulted in a saving of (-£16,000). All remaining contracts have been reviewed which will result in lower costs in future years and will bring the budget into balance in 2012/2013.

56. **Performance and Planning: (-£74,000).** The contract for advocacy provided by the Citizens Advice Bureau was renewed at a reduced cost and took effect from 1<sup>st</sup> October 2011 saving (-£13,000). Supplies and services costs were higher than budgeted for creating a pressure of (+£58,000). Staffing savings across the section totalled (-£13,000).
57. The annual maintenance cost budget for the Integrated Adult System was not required in 2011/12 as the system is still in the process of development with a resultant saving of (-£71,000).
58. There was a contribution of (-£15,000) for work carried out by Social Care from CFL relating to the payment and reconciliation of childrens' direct payments. Income received from contributions towards funerals paid for by the service exceeded the budget by (-£20,000).
59. **Integrated Transport Unit: (-£83,000).** It was originally estimated that savings of £290,000 could be made on the Integrated Transport Unit budget but several factors have reduced this. The amalgamation of Newlands and St David's Schools to the new Trinity site increased the number of transport runs and extra work transporting vulnerable children was undertaken.
60. **Ayresome Industries: (+£476,000).** The economic downturn continues to affect sales at the workshop, particularly in relation to UPVC window and door production resulting in an income shortfall of (+£1,100,000). The reduction in sales was partly offset by reduced raw material costs of (-£578,000). The Data Destruction service produced a profit of (-£46,000) for the year.
61. **Direct Payments Surpluses: (-£74,000).** An Improvement in the collection rate and an increase in the average surplus recovered in the fourth quarter four has resulted in surplus income of (-£74,000) being recovered.
62. In January 2012 the service received notification of winter pressures funding of £480,000 from Middlesbrough PCT. This funding is transferred to local authorities (via an agreement under section 256 of the 2006 NHS Act) to invest in Social Care services and benefit health. Spending plans for this funding are under discussion. At quarter three, it was agreed to transfer the funding to the Winter Pressures reserve.
63. A detailed breakdown of the efficiency savings is shown in appendix B.

**Environment: (-£567,000) saving up from (-£201,000) saving at quarter three**

64. The final position for the Service is a net saving of (-£567,000) which is an increase of (-£366,000) on the projected outturn figure reported at the end of the third quarter. The outturn position is summarised below:

	Estimated 3rd Qtr Outturn Variance	Final Outturn Variance	Variance
	£'000s	£'000s	£'000s
Community Protection	-321	-587	-266
Strategic Management	-238	-252	-14
Environment Services	358	272	-86
<b>Total</b>	<b>-201</b>	<b>-567</b>	<b>-366</b>

65. **Community Protection: (-£587,000)** A reduction in grant funding has resulted in a pressure of (+£17,000) within the Community Safety Team. This is offset by savings of (-£34,000) on staffing and reduced annual line rental costs within CCTV. There was also a one-off saving of (-£75,000) within the Safer Middlesbrough Partnership as a result of a contribution from the PCT towards the move of the Safer Middlesbrough Partnership from River Court to Vancouver House. The move has also led to further savings of (-£46,000) on supplies & services and staffing from an administration review.
66. There was a pressure on the North Ormesby Market budget due to an income shortfall and additional staffing costs (+£10,000). A further pressure of (+£16,000) was incurred on the Pest Control budget mainly due to a shortfall in income. These pressures are offset by staff savings on vacant posts in Food Health & Safety (-£66,000), Private Sector Housing (-£60,000), Additional Enforcement (-£23,000), Environmental Sustainability (-£18,000), Trading Standards / Advice Centre / Metrology (-£18,000) and Other Licensing (-£15,000). These posts had been held vacant in preparation for future year's budget reductions. There was also an income surplus of (-£11,000) for Private Sector Housing and (-£23,000) for Other Licensing. Savings of (-£84,000) were made on supplies & services across Public Protection.
67. Savings on staffing costs of (-£277,000) were made in Sport and Leisure. The savings were mainly due to the various reviews, which took place within the Service. Although income levels rose in the final quarter of the year across all centres there was still a shortfall of (+£140,000) against the £3 million budget. There was also an income pressure of (+£27,000) on Parks and Countryside. A reduction in the Emergency Planning contribution produced a saving (-£15,000).
68. **Strategic Management: (-£252,000).** The service made staffing savings of (-£175,000), which offset pressures elsewhere within the Directorate. There were also savings on staff costs of (-£63,000) due to maternity leave and a vacant post.
69. **Environment Services: (+£272,000).** The efficiency targets for charging for replacement wheeled bins and for non-domestic waste were only partially achieved resulting in an income shortfall of (+£125,000) on Waste Collection. There were also pressures of (+£71,000) on supplies and services and on transport costs (+£31,000) due to the increase in fuel prices. The pressures were partly offset by a saving of (-£42,000) due to staff turnover.

70. Savings were achieved on staffing and running expenses within Area Care (-£199,000) and Highways Maintenance (-£23,000). There was a reduction in the income from the Erimus VAT Shelter scheme resulting in a pressure of (+£42,000). There was a saving of (-£46,000) in Environment Services Management & Administration mainly on supplies and services costs. .
71. A pressure of (+£22,000) was incurred on Property Services Catering operation costs mainly on additional staffing costs. There was a net pressure of (+£10,000) on Facilities Management due to reduced recharges income. Savings have been made on Building Cleaning and Security costs (-£73,000) and on Building Works (-£58,000). Savings were also made on the Public Conveniences budget (-£13,000) and on depot costs (-£26,000) following the move to the new depot.
72. Savings of (-£77,000) have been made on Fleet Management mainly due to additional income from vehicle auction sales. This was offset by pressures on the Workshop (+£43,000), and fleet parts (+£112,000) due to a lower throughput and a delay in the transfer of the fleet parts budget to fleet factors.
73. There is a significant pressure of (+£396,000) on Waste Disposal. The increased cost was due to the closure and refurbishment of part of the Energy from Waste (EfW) Plant. The final outturn pressure was reduced by £110,000 from the projected pressure reported at quarter three due to a greater level of waste being disposed of at the EfW plant in the final quarter than predicted and a reduction in the overall tonnage of waste disposed of. It has been agreed that this pressure will be funded from general council balances.
74. There was a saving for Active Travel made up of savings on Concessionary Fares above the efficiency savings target of (-£23,000), supplies and services costs of (-£59,000), a reduction in payments to the Transport Lead Authority (-£18,000) and savings on Bus Revenue Support payments (-£38,000). Savings were also made on School Crossing Patrol staffing costs (-£68,000). There was a pressure on the Bus Station budget due to shortfalls on rent and service charge income for the shop units (+£120,000), partly offset by unbudgeted income of (-£34,000) for the rental of temporary units / facilities.
75. Within Traffic Engineering there was a saving of (-£44,000) due to staff turnover. There was a saving of (-£46,000) on the Traffic Signals Joint Arrangement, but this was offset a pressure of (+£46,000) on the Laboratories Joint Arrangement.
76. Within Highways Inspection Services there is an overall saving of (-£77,000) due to increased external income (-£39,000), staff savings (-£16,000), and running costs savings of (-£22,000).
77. There was a significant net pressure on Parking Solutions made up of income shortfalls on Off-Street Parking (+£562,000), Decriminalised Parking Enforcement (PCN) (+£206,000), Staff Car Parking (+£7,000), partially offset by an income surplus for on-street parking (-£8,000). There were also staffing savings from staff turnover (-£98,000), staff recharges to capital schemes (-£15,000) and savings on supplies and services costs (-£23,000). A net saving of (-£15,000) was achieved on the Parkway Centre Car Park budget due to increased income from charges for previous years.

78. The pressure on the Parking Solutions budget has increased significantly from the £434,000 pressure reported at quarter three due to a drop in on Short Stay parking income (down by 25%), Long Stay parking income (down by 15%) and other types of income including On-Street and PCN income (down by over 15%) as compared to the same period last year.
79. The continuing fall in the number of vehicles coming into Middlesbrough due to shop/office closures and the loss of public/private sector jobs. Parking Managers across the country are reporting falling levels of parking income. In the North East income reductions in excess of 10% appear to be the average.
80. A detailed breakdown of the efficiency savings is shown in appendix B.

### **Regeneration: (-£304,000) saving up from (-£94,000) saving at quarter three**

81. A net saving of (-£304,000) was incurred by the service as summarised below:

	<b>Estimated 3rd Qtr Outturn Variance £'000s</b>	<b>Final Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Director of Regeneration	0	2	2
Development Division	26	-161	-187
Economic Development Culture & Community	-81	-110	-29
Museums & Galleries	-42	-35	7
Bad Debt Provision	3	0	-3
<b>Total</b>	<b>-94</b>	<b>-304</b>	<b>-210</b>

### **DEVELOPMENT: (-£161,000)**

82. **Development Control: (+£33,000).** The extension of temporary staff contracts due to a significant increase in the number of major planning applications resulting in a pressure of (+£50,000) on the Development Control Service. This was partly offset by surplus fee income (-£17,000).
83. **Building Control: (+£133,000).** There was an income shortfall of (+£168,000) for the Building Control Service due to a decrease in major fee receipt work and the slowing of property developments in both housing and commercial property investment portfolios. The pressure has been partly offset due to staff savings from a vacant post (-£28,000).
84. **Urban Regeneration: (+£2,000).** A pressure of (+£33,000) resulted from the transfer of a member of staff from Tees Valley Unlimited and the extension of a temporary contract. The pressure has been partly offset by the deletion of both the posts managing on the Stockton / Middlesbrough Initiative and Tees Valley Unlimited budgets (£25,000).

85. **Planning Policy: (-£148,000).** There was a saving of (-£146,000) on Housing Planning Delivery grant (HPDG) as staff were funded from savings generated from service reviews.
86. **Landscape & Design Services: (+£18,000).** This service was transferred from Environment during 2011/12. There was a fee income shortfall of (+£115,000) for the Architects' service and a pressure on supplies & services costs (+£12,000) relating to works on previously completed schemes. This was been partially offset by reducing staff by 6 posts (-£77,000). There were also savings on the Landscape & Countryside Development Team (-£32,000) as a result of one member of staff taking voluntary redundancy and unbudgeted income for design fee work..
87. **Head of Development: (+£9,000).** There was a saving of (-£38,000) due to maternity leave this has been offset by management costs relating to the Cannon Park project (+£47,000).
88. **Housing Regeneration: (-£120,000).** There were staffing savings due to the recharging of costs to externally funded projects (-£54,000). This had been partly offset by the cost of extending some temporary staff contracts (+£23,000). There was also a saving of (-£74,000) from additional income as a result of the team being pro-active in seeking management and consultancy advice work. A one-off saving of (-£15,000) from the refund of council tax payments made in previous years for the Housing Market Renewal projects.
89. **Strategic Housing Service: (-£88,000).** There were staff savings by reducing the number of posts through voluntary redundancies and reduced working hours of (-£60,000). There were also savings of (-£9,000) on the bed & breakfast budget due to demand being less than expected and on supplies & services of (-£19,000).

**ECONOMIC DEVELOPMENT CULTURE & COMMUNITY: (-£110,000).**

90. **Head of Service / Town Centre Team: (-£15,000).** Savings were made due to additional holiday buy backs and lower than expected supplies & services costs.
91. **Economic Development / Digital City: (-£11,000).** There were staff cost savings of (-£48,000) due to a post being deleted and savings on supplies & services of (-£10,000). There has been a pressure of (+£47,000) on Digital City Boho core building 1 running costs which offset most of the savings.
92. **Community Regeneration: (-£40,000).** There were staffing savings (-£10,000) and unbudgeted income generated from externally funded bodies (-£18,000) and on supplies & services (-£39,000). A pressure of (+£27,000) was incurred due to an income shortfall at the Grove Hill Resource Centre due to vacancies.
93. **Cultural Services: (+£9,000).** There was a pressure on the festivals and events budget relating to Intro partly offset by savings on staffing and supplies & services costs.
94. **Libraries & Archives: (-£89,000).** There were net staffing savings through voluntary redundancy of (-£79,000) were achieved, after taking account of increased costs for temporary register and casual staff. There were also savings on transport and supplies & services of (-£10,000).

95. **Valuation & Estates: (+£36,000).** This service was inherited from Mouchel in June 2011. An income shortfall of (+£22,000) was incurred due to the cessation of work from Erimus and a slow down of capital receipt completions. This however is a significant improvement from previous forecasts. Staffing cost savings of (-£69,000) have been made due to vacant posts but this was offset by partnership cost pressures of (+£83,000) caused by the need to complete valuation work and deliver the asset valuation programme.

**MUSEUMS AND GALLERIES: (-£35,000).**

96. There were staffing savings at the Dorman and Captain Cook Birthplace Museums (-£16,000) due to a delay in implementing a new structure. There were also savings for the Museums Service on supplies & services of (-£27,000).
97. Staffing savings of (-£33,000) were achieved at MIMA due to vacant posts and reduced hours. There were also savings on premises and supplies and services costs (-£10,000). A shortfall on sponsorship & donations, corporate hires and café income created a pressure of (+£39,000). A further pressure of (+£19,000) was incurred due to shop stock write offs.
98. **Efficiency savings:** The service under-achieved its target by (+£31,000) and a detailed breakdown is shown on appendix B.

**Corporate Services: (-£531,000) saving down from (+£282,000) pressure at quarter three**

99. Corporate Services achieved a net saving of (-£531,000) as summarised below:

	<b>Estimated 3rd Qtr Outturn Variance £'000s</b>	<b>Final Outturn £'000s</b>	<b>Variance £'000s</b>
Legal & Democratic Services	-111	-184	-73
Strategic Resources	-342	-905	-563
Partnership	765	653	-112
Assistant Chief Executive's Office	-29	-143	-114
Corporate Services Bad Debt	-1	48	49
<b>Total</b>	<b>282</b>	<b>-531</b>	<b>-813</b>

100. **Legal & Democratic Services: (-£184,000).** Staffing savings were achieved on the Welfare (-£24,000), Common Law (-£100,000), Senior Management (-£50,000) and Property & Regeneration (-£16,000) budgets. These savings were partially offset by a (+£47,000) shortfall on Property & Regeneration fee income reflecting the impact of the economic downturn on property sales. There was also a shortfall in court fee income of (+£15,000). A further pressure of (+£36,000) was incurred on running costs.

101. Staffing savings of (-£46,000) were made on Members' Services as a result of vacant posts. There were also savings on General Services costs (-£24,000), Members allowances (-£30,000) and car allowances (-£25,000). These savings were partially offset by pressures on electoral registration costs (+£21,000).
102. A pressure of (+£19,000) was incurred on the Coroner's budget due to an increase in charges from the Primary Care Trust and an increase in inquest fees.
103. **Strategic Resources: (-£905,000).** Savings of (-£108,000) were made on Housing Benefit payments due to the actual level of subsidy income for 2010/11 being higher than estimated. Improvements to the year end accounting process has enabled the 2011/12 Housing subsidy claim to be completed prior to the closure of accounts for the first time confirming additional funding of (-£184,000) in 2011/12. Further savings have resulted from an increase in overpayment recovery (-£88,000), a reduction in grant payments (-£82,000) and lower than expected grant audit fee payment (-£50,000). These savings are partly offset by an increase in payments due to Mouchel under the terms of the partnership contract relating to an increase in volumes (+£39,000).
104. Significant savings have also been made on Strategic Finance (-£51,000), Loans & Investment (-£47,000) and Asset Management (-£31,000) costs. The savings were mainly from staff vacancies and reduced spending on supplies & services costs. Savings of (-£125,000) were made on the Strategic Commissioning and Procurement Unit budget from staff vacancies and additional income from multi functional device recharges.
105. An increase in court cost income has resulted in a saving of (-£65,000) on the Council Tax collection budget. A rebate from the Audit Commission is the main reason for a saving of (-£45,000) on External Audit fees and there were also savings on Financial Planning, Internal Audit, Insurance and CRC Energy Efficiency Scheme running costs (-£36,000).
106. A saving of (-£132,000) was made on planned property repairs and maintenance costs but this was offset by a pressure of (+£111,000) on property running costs due an increase in the level of rates payable on council properties and higher than expected cleaning and security costs.
107. **Partnership (+£653,000).** The Strategic Partnership budget included an efficiency target of £1m of which £266,000 was to be delivered from services that returned to the council from Mouchel on 1<sup>st</sup> June 2011. Actual savings totalled £256,000 leaving a shortfall of (+£10,000). The remainder of the £1m target (£734,000) was to be delivered from services provided by Mouchel. The Partnership only achieved savings of £91,000 leaving a budgeted shortfall of (+£643,000).
108. **Assistant Chief Executive's Office (-£143,000).** An error in the 2011/12 budget reduction proposals created a pressure of (+£104,000). This was contained due to an unexpectedly high level of maternity leave (-£78,000) and other staffing cost savings (-£9,000). Savings have also been made on Occupational Health costs (-£62,000) but this is partially offset by a pressure of (+£12,000) on the cost of the GCSx network secure data connection.

109. Savings were also made on the Chief Executive's running expenses budget (-£27,000), the Chief Executive's Office budget (-£36,000) and on Corporate Subscription costs (-£29,000).
110. There was a saving of (-£23,000) on expenditure funded from the Executives Initiatives budget. Full details are attached at appendix C.
111. A detailed breakdown of performance against efficiency savings targets is shown in appendix B.

### **Central Costs and Provisions: (-£449,000) down from (-£845,000) at quarter three**

112. A saving of (-£449,000) has been made on central costs and provisions as set out below:

	<b>Estimated 3rd Qtr Outturn Variance £'000s</b>	<b>Final Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Pay & Prices	-52	-99	-47
Capital Financing	-398	-372	26
Custodian Properties	41	37	-4
Ex Trading Services	-108	-124	-16
Levies	4	4	0
Designated Authorities	-8	-19	-11
Contributions To/From Reserves	12	41	29
Reversal of Goods Receipts	-182	-201	-19
Write back of unrepresented cheques	-150	-151	-1
Waste Disposal Budget pressure	484	396	-88
Increase in Court Costs Bad Debt Provision	0	306	306
NNDR Discretionary Relief	0	231	231
Unfunded Pensions	0	14	14
Extended Rights to Free Travel grant	0	-65	-65
Right to Buy/Miscellaneous	-4	-51	-47
<b>Sub Total</b>	<b>-361</b>	<b>-53</b>	<b>308</b>
Closure of the SITA Energy from Waste plant General Fund contribution	-484	-396	88
<b>Total</b>	<b>-845</b>	<b>-449</b>	<b>396</b>

113. **Allocations to Reserves and Provisions (+£2,697,000)**

Proposed additions to reserves and provisions are shown below:

	<b>£'000s</b>
Proposed	
Transfers From Reserves/Provisions	-769
Transfer to Change Programme	1,200
Social Services Demand Led Pressures	520
Natures World Loan Bad Debt Provision	110
Tees Forest Bad Debt Provision	72
Sterling Investments Provision	358
Mouchel ICT Contract Residual Value	973
Executive Initiatives Schemes	233
<b>Total</b>	<b><u>2,697</u></b>

114. **Efficiency Savings:** There was a shortfall of (+£654,000) against the efficiency savings target for the Council and the partnership with Mouchel. The table below summarises the outturn position:

	<b>Target £000's</b>	<b>Outturn £000's</b>	<b>Variance £000's</b>
Children, Families and Learning	3,788	3,788	0
Social Care	1,853	1,573	280
Environment	2,728	3,056	-328
Regeneration	1,393	1,362	31
Corporate Services	2,422	1,751	671
<b>Total Savings</b>	<b>12,184</b>	<b>11,530</b>	<b>654</b>

**Note:** There are a small number of efficiency savings within Social Care delayed until 2012/2013 and the service made one off income/savings to cover the shortfall in 2011/2012.

115. **Reserves / Provisions:** The table below summarises the movements on reserves and provisions for 2011/2012. A detailed breakdown of the movements is shown in Appendix D - Reserves and Appendix E - Provisions.

	<b>31 March 2011 £'000s</b>	<b>Receipts in Year £'000s</b>	<b>Payments in Year £'000s</b>	<b>31 March 2012 £'000s</b>
Schools Reserves	5,131	7,006	-5,131	7,006
Investment Reserves	673	0	-364	309
DSG	522	531	-522	531
Specific Revenue Reserves	12,364	6,819	-8,988	10,195
Provisions	4,345	2,177	-1,792	4,730
<b>Total</b>	<b>23,035</b>	<b>16,533</b>	<b>-16,797</b>	<b>22,771</b>

116. **Bad Debt Provision:** The table below summaries the outturn position on aged debt for each service:

	<b>Bad Debt Provision 31/03/2011 £000's</b>	<b>Bad Debt Provision 31/03/2012 £000's</b>	<b>Increase/ Decrease £000's</b>
Children, Families and Learning	500	226	-274
Social Care	661	713	52
Environment	477	589	112
Regeneration	198	180	-18
Corporate Services	644	692	48
<b>Total Bad Debt Provision</b>	<b>2,480</b>	<b>2,400</b>	<b>-80</b>

## EQUALITY IMPACT ASSESSMENT

117. Not applicable to this report.

## OPTION APPRAISAL / RISK ASSESSMENT

118. Not applicable to this report.

## FINANCIAL, LEGAL AND WARD IMPLICATIONS

119. A net budget saving of (-£506,000) was made within general fund services for the year as summarised below:

	<b>Estimated 3rd Qtr Outturn Variance £'000s</b>	<b>Final Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Children, Families and Learning	1,340	-152	-1,492
Social Care	-624	-1,200	-576
Environment	-201	-567	-366
Regeneration	-94	-304	-210
Corporate Services	282	-531	-813
Central Costs & Provisions	-845	-449	396
Allocation to Reserves & Provisions	0	2,697	2,697
<b>Total</b>	<b>-142</b>	<b>-506</b>	<b>-364</b>

120. A statement of revenue balances is set out below: -

	<b>General Fund</b>
	£'000s
<b>Opening Balance as at 1/4/11</b>	5,139
add	
Net Revenue Saving	506
less	
Allocation to fund Waste Disposal pressure	-396
Contribution to Executive Initiatives budget	-209
<b>Closing Balance as at 31/3/12</b>	<b>5,040</b>

## RECOMMENDATIONS

121. Executive Members are asked to: -

- a) Note and consider the contents of report.
- b) Approve the changes to the reserves as set out in paragraph 126.

## REASONS

- a) To ensure that Middlesbrough Council reports on resource utilisation against approved budgets.
- b) To consider implications upon the Medium Term Financial Plan.

## BACKGROUND PAPERS

The following papers were used in the preparation of the report: -

- 2011/2012 Revenue Budget Executive Report 7<sup>th</sup> March 2011.
- 2011/2012 Council Tax Report: Council 7<sup>th</sup> March 2011.
- Quarter 1 Consolidated Revenue Budget Projected Outturn 2011/2012 13th September 2011.
- Quarter 2 Consolidated Revenue Budget Projected Outturn 2011/2012 6th December 2011.
- Quarter 3 Consolidated Revenue Budget Projected Outturn 2011/2012 27th March 2012

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