

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 1 September 2004.

PRESENT: Councillor Carr (Chair), Councillors Ferrier, Robson, Rogers and T Ward.

OFFICIALS: B Baldam, J Bennington, C Burnham, P Clark and P Slocombe.

****APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Booth, Cole, Mawston, Rooney and Wilson.

**** PRESENT BY INVITATION:** Councillor N J Walker (Executive Member Resources).

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

FINAL REVENUE BUDGET OUTTURN 2003/04

In accordance with the Board's monitoring role in relation to resource issues, Members considered a report of the Director of Resources, which outlined the Council's final outturn position for expenditure against the 2003/04 Revenue Budget.

The revenue budget for the year had been set at £167,426,000, which included a contribution to spending of £1,700,000 from reserves and a budgeted efficiency savings target of £500,000 for the year.

The Committee acknowledged the achievement of an overall underspend of £260,000 in 2003/04 across the services.

The report summarised the main variances across the services, which included: -

Education (projected underspend £546,000):

- Planning and Information was the largest area of underspending of £362,000 which included a balance of £176,000 from the Standards Fund allocation which did not have to be returned to the DFES and also as a result of efficiency savings.
- A deficit of £103k, partly offset by staffing savings of £41k, had arisen because of the continued shortfall in the buy back of services for Multi-Disciplinary Teams and Education Social Workers within the Psychological Service. It was noted however that a full review was being undertaken as to how such a Service should be provided.

Environment and Neighbourhood Services (underspend of £185,000 not including lane rental income of £788,000):

- In terms of Transport and Design and following recent Government decisions regarding the recovery of lane rental charges from the utility companies, the £788,000 additional income would be available to support highways expenditure in the current budget;
- Streetscene Revenue Funded was reported as (+£288,000) although it was noted, that Waste Services had overspent £123,000 owing to higher than anticipated activity levels, extensive work relating to recycling and meeting Government targets.

Housing General Fund - Housing Revenue Account

- The Housing Revenue Account was underspent by £1.022m, which would be transferred to the working balance and would not impact on the General Fund;
- Regeneration and Cultural Services underspent by £327,000 mainly as a result of staff vacancies;

Social Services

- Overall the service had overspent by £979,000 which principally reflected the cost of a number of specialist and secure placements that could not be provided in-house. It was noted, however, that the overall figure reflected an improvement of £430,000 from the projected position reported at the last budget clinic and reflected the work undertaken to clarify the level of recharges to Middlesbrough Primary Care Trust;
- Specific reference was made however to a number of savings following direct management action and the implementation of revised Fairer Charging policies.

Corporate Services

- Reference was made to an underspend of £750,000 which was mainly as a result of staff vacancies.

Central Provisions and Corporate Costs

- Details were given of net costs of £348,000 and Members' attention was drawn to variances as a result of provisions for future costs such as SAP Development, legal fees for Equal Pay and DDA Access.

Contribution to Balances

- One off payments of £197,000 and £187,000 had been received in 2003/04 in respect of Fire Authority balances and Public Service Agreement grant respectively;
- The opening of the second City Academy had resulted in an additional £1.6m, £600,000 of which had been allocated to fund the Streetscene Hotspot team;
- Income from lane rental charges of £788,000 had been taken to an Earmarked Reserve along with a prior year adjustment relating to the equivalent income for 2002/03 (£968,000).

The main points arising from the ensuing discussion included the following: -

- (a) In commenting on the budget pressure identified in respect of Inclusion £231,000 relating to the costs of educating Individual Children which had partly been offset by savings in Voluntary Schools (£87,000) reference was made to the Board's report in respect of the increased level of exclusions from City Academies and subsequent implications on LEA schools which was to be considered by the Executive at its meeting to be held on 14 September 2004. It was agreed that Members' concerns regarding the potential budget pressure should be brought to the attention of the Executive;
- (b) Members sought clarification on the funding priorities, in particular, aspects of the environment budget and referred to the need for the range of budgets available to be more easily identifiable, an explanation given of the detailed allocations and further opportunities provided to submit bids for specific issues of concern. It was agreed that such issues would be considered further as part of the Board's involvement in the consultation process in respect of the Council's budget strategy.
- (c) Members' expressed some concerns that the underspend on the Housing Revenue Account had not been utilised to alleviate the situation regarding the high level of void Council properties which was above the national average and decision by the Council not to expend above the figure of £500 on void properties.
- (d) It was noted that the above underspend (c) above would not transfer to Erimus;

- (e) In commenting on the allocations relating to the Green Budget it was noted that issues relating to land transfer and maintenance, were the subject of ongoing negotiations and partnership arrangements between the Council and Erimus;
- (f) The Board acknowledged that Social Services had consolidated their position and supported Officers' endeavours for this to be maintained and improved upon.

ORDERED as follows: -

1. That the information provided be noted.
2. That the Board's appreciation be conveyed to the staff concerned in recognition of the efforts in achieving satisfactory outcomes given the many difficult circumstances and support of the continuing endeavours to seek improvement.
3. That given the time constraints a response based on the report and comments outlined be compiled in consultation with the Chair of Overview and Scrutiny Board a copy of which to be circulated to the other Members of the Board for comment/approval prior to submission to the meeting of the Executive to be held on 14 September 2004.

FIRST QUARTERS REVENUE BUDGET OUTTURN 2004/05

The Director of Resources presented the first quarters review of revenue expenditure against the 2004/05 Revenue Budget and drew Members' attention to the proposed Actions in response to the position identified.

The Board was reminded that the Council had set its revenue budget at £164.4m in 2004/05 and no balances had been applied to support the overall expenditure level of the Council. A Council Tax increase of 6.9% had been applied. In setting the budget approximately £1.5m of efficient savings had been identified. No cuts in services had been proposed and an additional £0.6m had been provided for Education, which enabled such spending to be maintained at the level of FSS.

Education a projected underspend of £63,000.

Actions:

- (a) a report was to be undertaken on the current position and options around the increasing level of school balances;
- (b) an assessment of the medium term position for the next quarter's budget clinic was to be produced in view of the anticipated ongoing pressures in respect of the Home to School budget.

Environment and Neighbourhood Services a projected overspend of £205,000 (not including lane rental income of £500,00):

- specific reference was made to an anticipated overspend of £150,00 arising from increased amounts of waste combined with an increased charge per tonne;
- it was also noted that costs relating to kerbside recycling were not funded but essential to meet national recycling targets.

Action:

- (a) The Council's Medium Term Financial Plan would be updated to reflect inflationary and volume variances within Streetscene services.

Housing General Fund Services and Housing Revenue Account were expected to outturn within budget.

Regeneration and Cultural Services had an anticipated overspend owing to the under recovery of rent income in respect of the Enterprise Centres of £80,000.

Actions:

- (a) the Medium Term Financial Plan was to be updated to address the unrealistic income target for Enterprise Centres and a three year plan to be prepared by Regeneration;
- (b) Regeneration to examine medium term financial planning for Development Control and Planning income prior to the next budget clinic.

Social Services an overall nil variance from budget was forecasted although a number of significant variances were predicted across the service divisions.

Actions:

- (a) the Medium Term Financial Plan would be reviewed on an ongoing basis in respect of inflationary increases for Independent Social Services sector price increases;
- (b) a review of the contingency budget, together with performance against stretched targets within Social Services would be provided for the next budget clinic.

Corporate Services, a projected underspend of £131,200.

- Members' referred to the element relating to Home Office Services in particular the likely overspend of £28,000 in respect of the Coroners budget.
- In response to Members' concerns, it was acknowledged that Officers were making the best efforts with Central Government regarding the overspend previously identified of £66,000 in 2003/04 arising from the Judicial Review of the Coroners Services and projected overspend of £28,000 in 2004/05. It was noted, however, that such costs were the Council's responsibility for which they had no control.

Action:

- (a) the Medium Term Financial plan was to be updated to reflect the Coroner's ongoing costs.

Central Provisions currently projected a shortfall of £100,000 on the trading surplus budget.

The report summarised a net underspend of £209,000, which was forecasted within the general fund services. It was reiterated that environmental lane rental income was only available for specific purposes and therefore had not been included as general balances.

ORDERED as follows: -

1. That the information provided be noted.
2. That the Board's concerns regarding current arrangements in particular the lack of budget control relating to expenditure in respect of the Coroner's Service be brought to the attention of the Executive.

FINAL CAPITAL OUTTURN 2003/2004

The Director of Resources presented a report, which outlined the outturn position on the 2003/04 capital expenditure and resources.

It was confirmed that the main changes from the last budget monitoring period related to requests for re-phasing of £634.2k expenditure.

The Board's attention was drawn to the appendices of the report, which summarised the following:-

Appendix A: changes relating to re-phasing 2003/04;

Appendix B: changes in respect of 20003/04 project savings and overspends;

Appendix C: Service area outturns for total budgets within 2003/04;

Appendix D: financing 2003/04 expenditure.

ORDERED as follows: -

1. That the information provided be noted.
2. That in order to provide a clearer explanation for future reports, Officers examine the presentation and layout of the information outlined in the Appendices in the report.

FIRST QUARTER CAPITAL OUTTURN 2004/2005

The Director of Resources presented a report which gave an update of the first quarter review of capital expenditure and resources position for 2004/05.

The Board's attention was drawn to the following appendices to the report, which summarised the following: -

Appendix A: major changes, requests for growth and re-phasing for 2004/05 - 2006/07;

Appendix B: Service projected outturn for financial year 2004/05 first review;

Appendix C: Service projected outturn for total budgets of the three-year capital programme;

Appendix D: financing and expenditure within capital programme.

NOTED