

AGENDA ITEM:

OVERVIEW AND SCRUTINY BOARD

9 AUGUST 2005

2004/2005 4th Quarter Revenue Budget Out-turn

PURPOSE OF REPORT

1. To present to Overview and Scrutiny Board the final outturn position for expenditure against the 2003/2004 Revenue Budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council set its revenue budget at £164.4 million in 2004/2005. General Fund balances of £0.4 million were approved, in year, to be applied to support the overall expenditure of the Council. A Council Tax increase of 6.9% was applied.
3. In setting this year's budget, around £1.5m of efficiency savings were identified. No cuts in services were proposed and an extra £0.6 million was provided for Education. This enabled the Education spending to be maintained at the level of our Formula Spending Share (FSS). In addition during 2004/2005 additional resources of £0.3 million and £0.1 million were provided to Environment and Economic Regeneration respectively.
4. The 3rd Quarters Revenues Budget Outturn had a number of action points for services. Progress against these action points is incorporated in the report.
5. A summary of the overall service outturn variances from budget is shown below: -

	£'000s
Children, Families and learning	0

Environment	374
Housing General Fund	-81
Regeneration	-94
Social Care	-375
Corporate Services	-459
	-635

6. A detailed breakdown of each service outturn position is given in the following sections of this report together with a summary of the position relating to corporate costs and central provisions.

CHILDREN, FAMILIES AND LEARNING (EDUCATION ELEMENT)

7. A net saving of £157,000 was made across Education services within Children, Families and learning, summarised as follows: -

	£'000
Policy and Resources	-114
School Improvement	-3
Pupil Support	-200
Community Education	-28
ISB	+160
Strategic management	+6
Trading Accounts	+22

8. The net saving has been offset against a £157,000 provision to meet potential future fee costs in 2004/2005 in respect of Building Schools for the Future

Policy And Resources (-£114,000)

9. A refund on Standards fund Grants to the City Academies (-£100,000) along with an under spending on Premature Retirement Costs (-£22,000), Clothing Grants (-£23,000), admin costs relating to Voluntary Sector Grants (-£15,000) plus a provision not needed to support the costs of the Music Service (-£31,000) have been partly offset by overspendings on the School Catering Services (+£8k) resulting from the continuing programme of implementation of salad bars in primary schools, costs arising from corporate initiative support (+£16k), a restructure of the Governor Development service (+£34k) and increased bad debt provision for old years debtors (+£28k).

Pupil Support (-£200,000)

10. Falling numbers of pupils being educated outside of this authority has lead to savings on the Extra District budget (-£229k) and Independent Special Schools

(-£122k), the saving is in part offset by higher costs of educating these pupils locally – Individual Pupils budget (+£164k).

Other main areas of savings result from staffing vacancies in the Learning and Language Support Team (-£90k) and the Sensory Impaired Service (-£33k), SEN support (-£10k) and Child Protection (-£12k).

These savings are partly offset by overspendings on Home to School Transport (+£52k) mainly as a result of school reorganisations and City Academies, new payments for special needs sixth formers in Kings Academy (+£31k) and Complementary Education (+£67k). These latter costs are partly offset by recharges to schools for excluded pupils (-£11k).

Community Education (-£28,000)

11. Additional pressures on Play schemes and the Stainsacre Centre (+£33k) have been offset by savings resulting from grant contributions towards salary costs (-£26k) Nursery Education new provision funding not needed (-£33k) and Youth Service sessional workers underspending (-£27k).

Individual Schools Budget (ISB) (+£160,000)

12. Unbudgeted costs arising from the maintenance of security and Business rates on the surplus properties of Brackenhoe and Coulby Newham schools has led to a pressure of £160,000. This cost will also impact in 2005/2006 and will continue until both sites are sold.

Trading Accounts (+£22,000)

13. Additional costs in respect of schools Insurance charges has led to an additional pressure in 2004/2005.

Actions Outstanding From 3rd Quarter Budget Clinic

14. A report on the Integrated Children's System is complete. The first phase is to be implemented by the end of 2006. Planning groups and Partner Agencies involved in progress and implications.

ENVIRONMENT AND NEIGHBOURHOOD SERVICES

15. The service has overspent by £374,000 excluding Lane Rental income of (£401,000) as summarised below: -

	£'000
Transport & Design	-37
Community Protection	+1
Streetscene – Revenue Funded	+410
Streetscene – Trading	-110
Lane Rental	-401

Transport & Design (-£37,000)

16. Car parking income is below budgeted levels (+£100k) as a result of revision to the implementation of proposed changes to car parking charges, and lower than expected income over Christmas.
17. Expenditure pressures have been offset by addition net income (-£51,000), mainly in respect of the Architects and Engineers Service, together with savings from staff turnover across Transport and Design Services. (-£72,000)

Community Protection (+£14,000)

18. Additional pressures have accrued on Environment City rental commitments (+£16k), General Licensing (+£7k) resulting from increased costs from the transfer of licensing functions, and alleygates maintenance (+£37k).

Savings in staffing and CCTV implementation has largely offset these pressures. A shortfall in income at Clairville Stadium and the Golf Centre has been offset by increased income in other areas.

Streetscene – Revenue (+£410,000)

19. Overspendings have occurred in Street Maintenance (+£297k) resulting from increased Highway Inspections, additional costs of Winter Maintenance, Manual Handling legislation, and Management costs.

Support Service charges have risen by £148k, Health and Safety recharges have risen by £16k, and salary and consultancy costs have risen by £18k.

These overspendings have been partly offset by savings on Waste Services (-£18k), Public Conveniences (-£13k), landscape and Open Spaces (-£38k).

Streetscene – Trading Services (-£110,000)

20. The overall surplus declared for this element of the service is made up of a surplus in Horticultural Services (-£113k) – efficiency savings, Street Maintenance (-£33k),

Building Works (-£80k) and Building Security (-£10k), partly offset by an under recovery on Building Cleaning (+£126k).

Transport & Design (Lane Rental) (-£401,000)

21. £401,000 income has been received in 2004/5 for Lane Rental income for work done prior to 31st March 2004.

HOUSING GENERAL FUND SERVICES (-£81k)

22. Housing General savings of £81k have arisen from staff Turnover and additional Mortgage Interest received.
23. The Housing Repairs Trading Account has also returned a net surplus of £119k in the period to 15 November 2004.

REGENERATION AND CULTURAL SERVICES

24. This service has made a net saving of £94,000 as detailed below:

	£'000
Management	-21
Libraries	2
Museums	-5
Cultural Services	49
Economic & Community Regeneration	152
Planning & Regeneration	-271

Management (-£21,000)

25. The saving has resulted from staffing vacancies.

Cultural Services (+£49,000)

26. The pressure is a result of a shortfall in income. This is currently under review.

Economic and Community Regeneration (+£152,000)

27. A saving has occurred in the Employment Initiatives Team from staffing (-£24k). This has been offset by overspendings on CAD/CAM (+£45k) as the organisation is wound up, on Properties (+£93k), based on unachievable occupancy levels incorporated in the base budget.

Planning and Regeneration (-£271,000)

- 28 Savings in the area have been achieved in additional Development Control fee income (-£129k) and Building Control Fee income (-£28k), staff turnover (-£96k) and reduced external payments (-£18k)

Actions outstanding from 3rd Quarters Budget Clinic

- 29 Development Control – a report will be presented to CMT detailing a revised structure, income projections for the next 3 years and the link to the Planning Delivery Grant.

A report on the future of the Enterprise Centres is to be presented to a future budget clinic once partnership issues have been resolved.

SOCIAL CARE

30. The service has produced a net saving against budget of (£375,000) as summarised below:

	£'000
Service Strategy	-7
Children's Services Commissioning	-64
Children Looked After	240
Family Support services	-101
Youth Justice	1
Other Children Services	63
Older people	271
Physical disability /Sensory Impairment	-39
Learning Disabilities	-338
Mental Health	138
Other Adults Services	50
Ayresome Industries	147
Adults Holding Accounts	-124
Holding Accounts	-326
Windfall income.	-375
Provision for demand led pressures	89

Children's Services Commissioning and Social Work (-£64k)

- 31 The saving has arisen from the application of CAMHS grant to offset mainstream expenditure.

Children Looked After (+£240k)

- 32 Additional service pressures on the agency budget have accrued because of the requirement to place 2 children into secure accommodation (+£215k). In addition,

the number of in house and agency foster placements has continued to grow (+£79k).

Savings have been achieved in the Gleneagles Resource Centre (-£54k).

Family Support Services (-£101k)

- 33 The saving has arisen from staffing vacancies, savings on fostering allowances and the Therapeutic Services, partly offset by overspendings on direct payments.

Other Children and Family Services (+£64k)

- 34 Increased numbers of placements for Adoption (+£44k) plus increased Costs in the Leaving Care Service (+£12k) and higher than expected fee charges for Advocacy Services have all contributed towards the service pressures.

Older People (+£271k)

- 35 Additional spending pressures have occurred in residential Care (£101k) with budgeted places being exceeded, Day Care (+£182k) building rental and transport recharges. A potential shortfall in ERDF grant entitlement has increased the spending pressures by £45k. Savings that have partially offset this position have arisen from the Service Level Agreement charges for mobile wardens (-£28k), along with other savings on Grants, Meals Service and Direct Payments

Physical Disabilities (-£39k)

- 36 Spending pressures on Residential Care budgets (+£72k), Direct payments and Community Support (+£57k) have been offset by savings on Equipment and Adaptations (-£92k) reclassification to capital, Day Care (-£64k) vacant posts and Occupational Therapy – additional income receipts.(-£12k)

Learning Disabilities (-£338k)

- 37 Savings have been achieved by utilisation of Independent Supported Living projects (-£219k), and in Day Care (-£12k). Additional charges to the PCT have resulted in unbudgeted income of £133k. These savings have been partly offset by increased spend in Community Support Services (+£22k).

Mental Health (+£139k)

- 38 Spending pressures have occurred as a result of a shortfall in Supporting People funding for a project (+£56k), additional staffing costs (+£45k), and lower than expected income levels in Residential care (+£20k).

Other Adults services (+£50k)

39. Additional Placement net pressures (+£50k)

Ayresome Industries (+£147k)

40. The overspending has arisen from unpredictable and reduced demand during Housing Stock Transfer that has reduced income levels, along with a bad debt provision of £98k.

Adults Holding Accounts (-£124k)

41. Savings have been made on Assessment and Care Management (-£185k), along with unbudgeted income from other Councils and TNEY. This has been partly offset by an overspending on Personal Care.

Holding Accounts (-£326k)

41. A Contingency of £500k was created for the financial year. This has been used to cover budgetary pressures as identified, along with an overspend on Support Services (+£117k) including the creation of a bad debt provision (£90k), and an increase in Transport costs.
42. A provision of £89,000 has been made for potential Social Services demand led pressures in future years

PCT Adults Services Income 2003/2004 (-£375k)

43. This is windfall income to the service resultant from increased payments from the Primary Care Trust. .

CORPORATE SERVICES.

44. The service group has produced a net saving of (-£459k) as summarised below: -

	£'000	
Legal & Democratic Services		2
Strategic Finance		-300
Service Middlesbrough		-59
Performance & Policy		-102

Legal & Democratic Services (£2k)

45. Legal Services (-£130k) recorded savings resulting from additional fee income from Property & regeneration and staff vacancies. These were offset by equal pay legal fees (£200k). Home Office Services overspent by £67k mainly as a result of additional Coroners costs. Members Services made savings of £135k mainly arising from lower than expected costs of Allowance and staff savings.

Strategic Resources (-£300k)

46. Strategic Finance produced net savings consisting of staff vacancies in Internal Audit, Strategic Accountants, Asset Management (£102k), Insurance section recharges (£77k), increased court cost recovery (£58k), increased Client Benefit Team income levels (£166k) and a saving in the Commercial Properties budget from additional rental income and increased recovery of bad debts (£88k). These savings were partly offset by increased expenditure on Professional Fees (£69k).

Service Middlesbrough (-£59k)

47. Savings have occurred on the repairs and Maintenance (-£47k), and the application of Performance requirements (-£30k). A £72k contingency provision is being maintained to meet future Service Middlesbrough requirements.

Performance and Policy (-£102k)

48. Savings have arisen on Corporate Training (£39k) and staff vacancies (£129k), offset by an overspending on the Employee Assistance scheme (£19k). Overspendings occurred on Miscellaneous HR items, including Trade Union support and on Partnership Information & Strategy.

CORPORATE COSTS

49. A net saving of £14,000 on corporate budgets are summarised below.

	£'000
Inflation provision	-37
Discretionary Rate Relief	53
Corporate Initiative Fund	-148
Housing Stock transfer`	-188
Trading Surpluses	22
Trading Services - non trading costs	-36
Designated Authority	-64
Capital Financing	540
Custodian Properties	-51
Miscellaneous	-105
	<u>-14</u>

CONTRIBUTION TO BALANCES.

50. The table below summarises the effect of the revenue outturn position on balances.

	£'000	£'000
Opening Balances as at 1/4/04		4,472
Service Budget savings	635	
Corporate Budget pressures	14	649
Less planned use 2003/2004 Savings	-260	
Less planned use 2004/2005 Savings	<u>-160</u>	<u>-420</u>
Balances as at 31/3/05		4,701

- 51 A statement of lane rental income is set out below:

	£'000	£'000
Opening balance as at 1/4/2004		1,756
add lane rental income received	401	
less planned use for 2004/05	<u>-554</u>	<u>-153</u>
Balances as at 31/3/2005		1,603

RECOMMENDATIONS

- 52 Overview and Scrutiny Board Members are asked to note and consider the contents of the report; and implications on the resources available to the authority

REASONS

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

BACKGROUND PAPERS

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

- 2004/2005 Service Budgets
- 2004/2005 service outturn reports

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