

**Overview and Scrutiny Board
16th November 2005**

2004/2005 2nd Quarters Revenue Outturn

EXECUTIVE MEMBER RESOURCES : Cllr N Walker

DIRECTOR OF STRATEGIC RESOURCES: Paul Slocombe

PURPOSE OF THE REPORT

1. To present the second quarters review of revenue expenditure against the 2005/2006 Revenue Budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council set its revenue budget at £175.1 million in 2005/2006. No General Fund balances were applied to support the overall expenditure of the Council. A Council Tax increase of 4.8% for Middlesbrough Council was applied.
3. In setting this year's budget approximately £1.1 million of efficiency savings were made. The Council approved an extra £1.7 million investment for Education, £1.6 million for Environment/Community Safety and £0.2 million support for Regeneration initiatives bringing investment to the town.

CHILDREN, FAMILIES AND LEARNING

4. Net spending pressures of (+£343,000) are projected for the service as follows: -

	£`000s
Policy & Resources	-£33
Capital and Assets	-£29
Pupil Support	+£21
Community Education	-£50
ISB	+£53
Vulnerable Children	+£381

5. **Policy and Resources** (-£15,000) resulting from the delay in appointing the new Head of Service.

6. Whilst the budget for Early Retirement/Redundancy is currently showing a net saving of (-£15,000) there may be a need to fund early retirement/redundancy costs from Excellence in Cities (EiC). This is currently being reviewed.
7. An amount of £270,000 has been allocated from the 2005/2006 repairs and maintenance revenue budget towards the costs of consultancy fees for Building Schools for the Future (BSF). There is to be minimal expenditure on Secondary Schools this year and the amount allocated to BSF is consistent with that which would have been spent on Secondary Schools.
8. **Capital and Assets (-£29,000)** There is a net saving projected on the budget for the purchase/renewal of new equipment and furniture.
9. **Pupil support (+£21,000.)** The budget for Home to School Transport is projecting additional spending pressures of (+30,000), as a result of additional transport needs for pupils with special needs, including increasing numbers of Post 16 special needs pupils accessing education in Middlesbrough.
10. The numbers of excluded pupils that the service has to provide for is still increasing and have led to additional spending pressures of (+£20,000). The two Academies have excluded 15 pupils, and, unlike exclusions from LEA schools, the LEA cannot recover a percentage of pupil led funding from the school. The Head of Pupil Support is talking to schools about funded support and intervention programmes to try and reduce the numbers of exclusions. 12. Funded places for sensory impaired pupils at Kings Academy have increased +£21k, with cost of two places being for Middlesbrough pupils. An increasing number of statemented pupils with complex need is predicted to result in an overspend of (+£40,000), even though the number of statements remains constant.
11. Vacancies in the Learning and Language Support Team and the Sensory Impaired Service have resulted in a net saving of (-£5,000), after allowing for cover costs. The transfer of two pupils from Independent Special schools to local education provision has resulted in a saving on that budget of (-£75,000).
12. **Community Education (-£50,000).** This is a saving on Nursery education grant payments.
13. **Individual Schools budget (+£53,000).** The net spending pressure has resulted from cleaning, security and energy costs at Coulby Newham School prior to the demolition of the building, and Brackenhoe School prior to the sale of the building.
14. **Children Looked After (+£323,000).** If in-house fostering payments remain at their current level it is expected that there will be an additional budget pressure of (+£60,000); the main reason being the increased number of placements. In addition, based on current placements the agency fostering budget is estimated to have additional spending pressure of (+£190,000) by year-end. There is an additional budget pressure of (+£260,000) in the Residential Placement budget resulting

from the placement of two children in secure accommodation. These projected pressures are partially offset by the one-off receipt of (-£124,000) from Five Rivers, which reflects a recovery of previous overpayments. A working group has been set up to develop a long term strategy for this area, and a report will be submitted to CMT. Additionally, work is ongoing to ensure maximum use of grants.

15. **Family Support Services** Current spending on CLA Section 17 payments indicates a possible (+£18,000) budget pressure partially offset by staff savings. This budget is predominantly funding placements with extended family as directed by Court or as an alternative to being 'looked after'.
16. **Other Children and Family Services (+£40,000)** Adoption placements indicate additional spending pressures of (+£78,000) by the year-end, of which (-£38,000) can be offset against grant.
17. **Five Rivers** The planned purchase of the two properties from Five Rivers has taken longer than expected. A full year budget adjustment of £70,000 was reflected in 2005/2006 for the financing of this purchase under the Prudential Borrowing arrangements.
18. **Gershon Efficiency Savings** Independent Special Schools – The cashable saving of (-£50,000) for the service has been achieved as a result of the transfer of the two pupils from Independent Special schools to local education provision.

ENVIRONMENT & NEIGHBOURHOOD SERVICES

19. A net saving of £144,000 is projected for the group made up as follows: -

Transport & Design	+ £117,000
Community Protection	- £210,000
Streetscene	- £51,000
20. **Transport & Design (+£117,000.)** There is a projected overspend of (+£49,000) in the Environment budget, resulting from under – recovery of Section 74 income of +£47,000, partially offset by overtime reductions. There is also an outstanding debt due to Network Rail, +£12,000, partially offset by salary savings in respect of the Transporter Bridge, and an additional +£10,000 spending pressure on damage to street lighting columns. Middlesbrough's share of the projected overspend on Laboratories is £10k. In the Transport and Policy area of the budget, savings are projected mainly resulting from increased rent income from lettings in the Bus Station. There is an overspend of +£9k on overtime payments within School Crossing Patrols due to staff sickness and attendance at Job evaluation meetings.
21. There will be an under recovery of car parking income (+£70,000) due to the Executive decision not to increase car parking charges from 1 April 2005.
22. **Community Protection (-£210,000).** There is pressure within the Sports and Leisure due to lost income at Clairville Stadium (+£40,000), which is

due to close for a time for major improvement work. There is also a (+£20,000) pressure regarding maintenance of gym equipment previously funded by ring-fenced property R&M budget managed by HBS. However, for the longer term, major investment of around (+£550,000) is needed to bring the equipment at the four Gyms to current and economic standards. 26. The costs incurred by Sport & Leisure on the 10 kilometre Road Race are still being calculated. The projected cost of (+£70,000) may change depending on sponsorship raised and entry fees offsetting costs. As per the report to Executive of 19 April 2005 the net costs will be transferred to the Corporate Initiatives Fund. A report is to be prepared to CMT on the future proposals for the race and the resources needed.

23. There will be a one off saving in the Street Warden's budget due to full utilisation of grant funding (-£140,000), and a saving on salaries due to vacancies (-£10,000). The Community Support Team has staffing savings of (-£20,000), and (-£10,000) savings on CCTV costs. These savings are partially offset by a pressure of (+£50,000) resulting from the secondment of staff to the Safer Middlesbrough Partnership.
24. Additional one off income of (-£140,000) has been received as a result of the revised Licensing Laws. It is currently predicted that the annual licence fees under the new Licensing act will fully cover the lost income from the licence fees under the old act and may even produce a small surplus.
25. **Streetscene (-£51,000).** There is a net saving of (-£72,000) projected in the Waste Services budget resulting from the slower than expected implementation of a waste recycling scheme (-£100,000), partially offset by additional repairs and maintenance costs vandalism costs to Lloyd Street (+£28,000).
26. There is a projected additional spending pressures overspend on Street Maintenance of (+£26,000), an overspend on the PDI Unit for staffing costs, an overspend of (+£12,000) in the Horticulture, Parks and Leisure budget and an underspend of (-£47,000) in the Fleet Services revenue budget. This will be reallocated to services based on usage.
27. **Streetscene Trading (-£51,000).** Surpluses are forecast in horticultural services -£61,000 building security -£10,000, and fleet services -£60,000. However, Building Works is expecting a deficit of +£60,000, mainly as a result of a reduction in work during the early part of 2005/2006. Building cleaning is also projecting a deficit +£20,000 which includes a +£10,000 deficit on the scoped properties transferred back to Middlesbrough Council from HBS.

REGENERATION AND CULTURAL SERVICES

28. The group has a predicted a break even position as shown below:

- Planning and Regeneration - £86,000
- Economic & Community Regeneration + £86,000

29. **Planning and regeneration (-£86,000).** The indications based upon fees received to date suggest that Development Control fee income will exceed budget targets by (-£125,000), offset by additional pressures on additional services from HBS (+£5,000), unbudgeted recharges from Environment (+£19,000), advertising costs (+£14,000), unrecoverable legal fees (+£16,000). A proposed restructure of the service is due to be reported to CMT, and it is expected that the cost implications will be met from the above net savings from excess planning fees.
30. Building Control is projecting a net saving of (-£15,000) resulting from excess fee income, partially offset by agency costs. A one off spending pressure in the Urban Policy section of (+£11,000) results from unbudgeted relocation costs.
31. The restructuring of the Regeneration Programmes team has lead to a net saving of (-£46,000) due to delays in appointments.
32. There is an expected shortfall in Renewals fee income of (+£60,000) in relation to the Strategic Housing. The grant schemes for 2006/07 onwards will be subject to a review, and a report to CMT and Executive later this year. The under-recovery in 2005/2006 is partially offset by savings on staffing appointments (-£25,000)
33. **Economic and Community Regeneration(+£86,000).** There is an estimated spending pressure due to the under recovery of rent income for Enterprise Centres of (+£70,000). A report on the future of the Enterprise centres is to be presented to CMT. A review of rental levels has been carried out, with an 8% increase effective from 1 November 2005.
34. Transition costs including retirement packages following the merger of TVDC with Tees Valley Regeneration are an unbudgeted pressure of (+£10,000). This is to be paid this year and following 2 years. The funding to the JSU has risen by (+£5,000) partly due to Middlesbrough's revised population percentage apportionment.
35. **Gershon Efficiency Savings** Regeneration is accounting for two non cashable savings in 2005/6.
- a. Businesses Supported – the outcome of 207 has exceed the target of 150
 - b. Jobs Created – Whilst progress at 53 is slow as set against the target of 240 it is expected that the target will be achieved by the year-end.

SOCIAL CARE

36. Overall a (-£25,000) net saving from budget is forecast for Social Care. However, a number of significant variances from budget are predicted across the service.

	£`000s
Older People	+339
Physical Disabilities	-10
Learning Disabilities	+157
Mental Health	+170
Other Adults	+60
Asylum Seekers	+66
Personal Care	-150
Adults Holding Accounts	+15
Holding accounts	+12
Contingency	-232
Windfall Income.	-452

37. **Older People (+£339,000).** Reductions in the numbers of 'in – house' residential clients has produced an income shortfall of (+£36,000). This is in line with the Older Persons Change Programme and the move towards Extra Care housing. The purchases of additional Elderly Mentally ill placements have resulted in additional pressures of (+£58,000). Void payments for Nursing placements have cost an additional (+£114,000). There is a pressure on residential agency placements of (+£18,000).
38. There is a pressure of (+£83,000) resulting from an income shortfall on Mobile Wardens. Whilst 'stretch target' savings of (-£232,000) have been made, a further £32,000 is yet to be identified/achieved
39. **Physical Disabilities (-£10,000).** Stretch targets of £58,000 have been exceeded, in Day Care, Occupational Therapy and Social Work as a result of staff vacancies.
40. **Learning Disabilities (+£157,000).** Four additional external placements in independent residential provision have resulted in a pressure of (+£138,000). Charges of (+£99,000) to Redcar and Cleveland and Hartlepool in respect of Forensic Learning Disability Services are in dispute. Savings in Assessment and Care Management (-£26,000), and purchased Day Care (-£18,000), help to offset this. There are also savings on Community Inclusion team costs (-£20,000) and in house residential care (-£17,000).
41. **Mental Health (+£170,000).** An overspend of (+£99,000) is projected for in-house residential care provision, mainly due to income shortfalls from other authorities, and clients. Independent Sector residential placements are projecting additional spending pressures of (+£41,000), resulting from two additional placements. Day Care is overspending by (+£16,000), and Community Support by (+£14,000).
42. **Other Adults(+£60,000).** This is in respect of increased demand on the Substance Abuse budgets.

43. **Asylum Seekers (+£66,000).** This is the cost of the increased support required.
44. **Personal Care (-£158,000).** Health Authority income is higher than budgeted by (-£80,000), And Breaks for Carers is projecting a saving of (-£70,000).
45. **Contingency (-£232,000).** This is the unallocated balance of the available contingency. Windfall Income (-£452,000). has resulted from payments from the PCT and the Shaw Trust, for which a full bad debt provision had been made.
46. **Gershon Savings –** A target increase of 100 and the cashable saving of £88,000 will be achieved in direct payment service users, significantly reducing support costs per user.

CORPORATE SERVICES

- 47 The group has a predicted net saving of (-£479,000) as shown below: -

	£`000s
• Legal Services	-153
• Members Office	-2
• Home Office Services	+8
• Strategic Resources	-77
• Service Middlesbrough	-155
• Performance and Policy	-100

- 48 **Legal Services (-£153,000).** Resulting from increased fee income –(-- (£110,000) from the West Middlesbrough Neighbourhood Trust, Erimus Housing and Middlehaven. Further savings of (-£82,000) on Common Law budgets and (-£7,000) on Welfare budgets are forecast due to staff vacancies. These savings will be partly offset by a predicted pressure of (+£46,000) on the General Services budget.
- 49 **Members Office (-£2,000).** Current payment rates for Members basic and special responsibility allowances are (-£38,000) less than the budgeted level. This saving is offset by additional pressures of (+£36,000) on the Freedom of Information Officer, Governance Team and other budgets.
- 50 The Coroners budget is projecting an additional pressure of (+£8,000) due to continued efforts to reduce the backlog of cases and increasing occurrence of drug screening tests.
- 51 **Strategic Resources (-£77,000).** –Net savings of (-£55,000) are projected from staff savings in the Strategic accountants and Loans an Investments sections. 60 Further savings of (-£13,000) are forecast for the Properties and Local Taxation budgets. There is an expected additional pressure of (+£30,000) on Internal Audit and (+£21,000) on external fees, both as a consequence of recruitment difficulties and the

resultant need to employ agency staff. A -£10k saving is predicted in the Strategic Commissioning and Procurement Unit resulting from staffing savings.

52 **Service Middlesbrough (-£155,000).** There is a saving to date of (-£117,000) resulting from penalties applied in relation to the performance of the Revenues and Benefits service. A further (-£38,000) has arisen from accrual variances.

53 **Performance and Policy (-£100,000).** This saving is mainly the result of staffing vacancies (-£156,000). This is partly offset by the costs of the annual licence fee (+£56,000 for the Council's web site for which there is no budget.

CENTRAL PROVISIONS

54 A surplus of (-£50,000) from Streetscene trading is expected leaving a projected shortfall of (+£200,000) on the trading surpluses budget.

55 A review of central provisions has identified, at this stage of the year, a projected net saving of (-£750,000) on Net Capital Financing costs and an over commitment of (+£50,000) on the pay and prices provision.

OPTION APPRAISAL/RISK ASSESSMENT

56 Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

57 A net saving of -£805,000 is forecast within general fund services for the year as summarised below. Environmental lane rental income rental income is only available for specific purposes and therefore has not been included as general balances.

	£000s
Children, Families & Learning	343
Environment & Neighbourhood Services	-144
Regeneration	-
Social Care	-25
Corporate Services	-479
Central Provisions	-500
Total net savings	
Net Contribution to Balances: -	
General Fund net savings	-805

68 A statement of projected revenue balances is set out below: -

	General Fund £000s	Lane Rental Income £000
Opening Balance	4,865	1,603
Add		
Forecast Net Service Savings	805	
Lane Rental income		0
Less planned use in 2005/2006		-714
Estimated Balances as at 31st March 2006	5,670	889

BACKGROUND PAPERS

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

- 2005/2006 Service Budgets
- 1st Quarters consolidated revenue budget report