



AGENDA ITEM: 6

OVERVIEW & SCRUTINY BOARD

19 SEPTEMBER 2006

2006/2007 1ST QUARTERS REVENUE OUTTURN

PAUL SLOCOMBE: DIRECTOR OF RESOURCES

PURPOSE OF THE REPORT

1. To present to the Corporate Management Team the first quarters review of revenue expenditure against the 2006/2007 Revenue Budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council set its revenue budget at £116.7 million in 2006/2007. No general fund balances were applied to support the overall expenditure of the Council. A Council Tax increase of 4.7% for Middlesbrough Council was applied.
3. In setting the 2006/2007 budget approximately £1.5 million of efficiency savings were made. The Council approved an extra £1.3 million for free travel for pensions, £0.5 million investment in Education, £0.8 for Vulnerable Children, £0.5 million in Social Care for older people and disadvantaged groups, £1.0 million in the Environment/Community Safety and £1.0 million support to regeneration initiatives.
4. A summary of the overall outturn variances from budget is shown below: -

	£'000s
Children, Families and Learning	+610
Environment	0
Regeneration	0
Social Care	+531
Corporate Services	-400
Corporate Costs and provisions	-762
	-21

5. 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

6. Net budget pressure of (+£610,000) is forecast for the Children, Families and Learning service area, summarised as follows: -

	£'000
Policy and Resources	-51
Capital and Assets	0
School Improvement	0
Pupil Support	+154
Community Education	-56
Strategic management	-25
Vulnerable Children	+588

7. **Policy and Resources (-£51,000)** A saving has been identified on the premature retirement compensation budget.
8. **Pupil Support (+£154,000)** There is a significant budget pressure on Home to School Transport of (+£163,000) as a result of additional transport needs for pupils with special needs, and the increased use of taxis disruptive children. The Council's review of transportation, together with the CFL budget review is currently being undertaken, and will aim to bring this service area back within its budget allocation by the end of the year.
9. A vacancy in the Learning & Language Support team and the funding of another post from Standards Fund grant is expected to produce a saving a (-£12,000). There are also savings on staffing in the Admin support, Child Protection and Education Psychologists of (-£15,000)
10. The Independent Schools budget was based on the numbers of children in independent schools in 2005/06; the placement of another child has created a pressure of (+£30,000). The claw back of an element of AWPU from schools that have permanently excluded pupils has provided additional Exclusions budget of (-£12,000).
11. **Community Education (-£56,000)** Based on payments to nursery providers in the summer term there may be a potential saving of (-£37,000) within Nursery Education Grants. However, as this budget comes within the new Dedicated Schools Grant any saving must only be used on activities within the Schools Budget or carried forward to 2007/08. In the Youth Management section the secondment of two members of staff to a NRF project will result in staff savings of (-£28,000). These savings are offset slightly by budget pressures on Stainsacre staffing costs (+£9,000).

12. **Strategic Management (-£25,000)** The proposed restructure of the CFL Senior Management Team has been delayed producing a part year saving on salary costs of (-£25,000).
13. **Vulnerable Children (+£588,000)** Required savings on employee costs are not expected to be achieved resulting in a budget pressure of (+£30,000). There is a pressure within the Social Workers – Disabilities team of (+£18,000) resulting from the decision not to continue with the joint services arrangement with Redcar & Cleveland Council. The Area Child Protection Committee has now been replaced by the new structure required by legislation called the Local Safeguarding Children's Board. The new model is considerably different and its effect is a further pressure of (+£58,000).
14. There is a pressure of (+£121,000) from additional residential placements. There is a budget pressure of (+£55,000) on in-house fostering payments, out of borough placements to independent fostering and agency fostering service. There are also budget pressures on Gleneagles staffing costs (+ £12,000) and the Five Rivers contract (+ £17,000). These costs are offset slightly by savings on Agency Respite (- £30,000) and Fostering Sharing the Caring (-£10,000).
15. Work is ongoing to produce a report of the changing trends within the out of borough, in-house and independent fostering areas of this budget. The outcomes of the report will be used to inform the Council's Medium Term Financial Plan and the budget review currently being undertaken by CFL.
16. In the Family Support Services the change in service delivery of Agency Respite and Sharing the Caring to a direct payments basis will produce a pressure of (+£37,000). As a result of contracts within the Leaving Care Service not being renewed a saving of (-£70,000) is forecast.
17. A complete budget review is being undertaken for CFL. The aim of the review is to redesign services to achieve financial savings. This will require an understanding of the level of service currently being achieved, and the implications of the changes, particularly on any targets or Best Value Performance Indicators.
18. A review of the CFL medium term financial plan was due to be completed by the 2006/2007 1st quarters report. The Service has assured that a MTFP report for the service will be produced for the 2nd Quarter 2006/2007.
19. CFL Gershon Savings The Children, Families and Learning Gershon efficiency savings will be achieved.
20. An update as to Children Families & Learning Actions together with proposed new actions is set out in Appendix B. An area of concern is the delay in producing the medium term financial plan for Children families and learning.

Environment and Neighbourhood Services

21. Net budget pressure within Environment and Neighbourhood Services consist of the following: -

	£'000
Transport & Design	+39
Community Protection	-10
Streetscene – Revenue Funded	+19
Executive Director	0
Streetscene (Trading)	-50

22. **Transport and Design (+£39,000). Additional inflationary pressures of (+£214,000) associated with an increase in energy charges, have been identified and are proposed to be met from the Councils existing revision for pay and inflation.**
23. **There is also a further budget pressure of (+£30,000) relating to essential street lighting repairs to restore failed ground lighting systems in the town installed by the Town Centre Company. There a budget pressure of £3,000 on the Labs due to increased service charges.**
24. Community Protection Service (-£10,000). Savings are expected (-£40,000) in the Anti-Social Behaviour Team budget due to staff secondments and staff Turnover.
25. In the Public Protection area of the budget, there is a net saving of (-£20,000) in Trading Standards resulting from vacancies, offset by an ongoing under recovery of rental from Markets (+£20,000).
26. Clairville Stadium was reopened in May; however there has been a loss of (£30,000) being April's income.
27. **Street Scene (+£19,000).** Potential pressures in respect of Street light maintenance have been identified.
28. **Streetscene Trading (-£50,000)** There is a surplus forecast in Building Cleaning (-£40,000). Horticultural services are expecting to produce a surplus of (-£10,000). The net surplus is offset against the corporate target of £250,000.
29. **Environment Gershon Savings** It is forecast that the efficiency savings for the service will be achieved. New Gershon savings are actively being sought for future years and these will be reported to the next budget clinic.
30. An update as to Environment Actions from the 3rd Quarters clinic 2005/2006 together with proposed new actions is set out in Appendix B.

Regeneration and Cultural Services

31. This service is expected to breakeven:-

£'000

Planning & Regeneration	0
Cultural Services	0
Economic & Community Regeneration	0
Libraries	0
Museums	0

32. Regeneration and Cultural services are reporting a breakeven position on a service basis. Identified pressures include fall out of European grant for the Building Bureau and security measures in respect of the Museums and Art Galleries budget.
33. Regeneration Gershon Savings. The Regeneration efficiency savings are expected to be achieved. An update as to Regeneration Actions from the 3rd Quarters clinic 2005/2006 together with proposed new actions is set out in Appendix B.

Social Care

34. The service are predicting a net budget pressure of (+£531,000) as summarised below:

	£'000
Older people	+130
Physical disability /Sensory Impairment	+28
Learning Disabilities	+625
Mental Health	+68
Other Adults Services	+25
Asylum Seekers	0
Ayresome Industries	0
Personal Care	+37
Holding Accounts	+51
Contingency.	-433

35. **Older People (+£130,000).** Vacancies within the Assessment & Care management function are anticipated to produce a saving of (-£20,000). Reduced home placements with Nursing responsibilities are projected to save (-£100,000.) There is a pressure on residential care costs of (+£266,000) as a result of increased placements and dual costs that will be incurred during the closure of Albert Cocks and Levick House and staff cover costs at Middlesbrough Intermediate Care Centre.
36. A Supporting People review of the Carelink Warden service is to be carried out in September 2006 with a predicted implementation date of December 2006, creating a pressure of (+£40,000) in this year. This has been largely offset by additional income of (-£37,000) for a new work initiative absorbed within existing costs.

37. There has been an increase in direct payments creating a pressure of (+£56,000). There has been a reduction in Nursing placements for older people with mental health problems resulting in a saving of (- £98,000).
38. In 2005/6 the Ambulance Service gave notice that it would increase transport costs associated with OPMH transportation by 70%. Alternative arrangements have therefore been made that will not effect until September 2006 with a resultant pressure of (+£20,000).
39. **Physical Disabilities (+£28,000)** Vacancies within the service will lead to savings of (-£64,000) within staffing budgets. Increased demand within residential care and Direct Payments will however, create pressures of (+£107,000)
40. **Learning Disabilities (+£625,000)** Increased demand (26 clients) will lead to financial pressures of (+£196), 000 on 2006/2007. These are partly offset by savings within purchased community support and day care services of (-£48,000).
41. The outcome of Supporting People Reviews of learning Disability services represents the most significant financial pressure facing Social Care. The reviews have lead to a much greater element of the overall package of care/support a client receives becoming the responsibility of Social Care. The impact is a net pressure of (+£503,000).
42. **Mental Health (+£68,000)** Savings are anticipated within Enablement and Support and day Care purchasing budget of (-£35,000). Added to this are staff vacancies savings of (-£13,000) and the transfer of one nursing client to Continuing Health Care status, saving a further (-£16,000). The outcome of Supporting People Reviews of Mental Health services will take effect from October 2006. The reviews have lead to a much greater element of the overall package of care/support a Section 117 client receives becoming the responsibility of Social Care. The impact is a pressure of (+£110,000) in this financial year.
43. **Other Adults (+£25,000)** This is in respect of increased demand on the Substance Abuse budgets producing a pressure of (+£25,000).
44. Personal care (+£36,000) - Demand has increased across all Social Care client groups by an average of 72 hours per week in the first quarter, which will lead to a pressure of (+£36,000).
45. Ayresome Industries - The Council has previously agreed to Ayresome Industries carrying forward any surplus from its activities. Secured orders and trading figures will result in a surplus for the year of (-£450,000).
46. Holding Accounts (+£51,000) A pressure of (+£13,000) is anticipated in respect of in-house homecare due to timing issues on the review of the service. A pressure of (+£38,000) is anticipated, predominantly as a result of the costs of

appointing a Fair Price for Care consultant to co-ordinate a calculation in Middlesbrough.

47. Fair Price for Care issues - Costs incurred in relation to appointing external consultants to co-ordinate the FPC process are anticipated at (+£35,000). In addition costs of £14,000 are anticipated as a result of increases above 2%.
48. **Social Care Gershon Savings** -The Gershon efficiencies identified for Social Care are as follows:
- a) The full implementation and roll out of the Jontek Homecare Monitoring system has been delayed and the full £80,000 saving is unlikely to be realised. However other cashable efficiencies identified in year should compensate for the shortfall.
 - b) The Accommodation Review (£29,000) saving has already been realised as Social Care has moved off the Farndale Site and will incur no costs in 2006/7.
 - c) The Review of Block Contracts (£161,000) saving is also already achieved as the block contracts ended at the beginning of April and the vacant beds that had to be paid for during 2005/6 will not be paid for in 2006/7.
 - d) This efficiency on non-pay warden costs will be achieved and includes reductions in the cost of accommodation and procurement efficiencies.
 - e) The TCES Stair lift Contract (£9,000) efficiency in relation to a renegotiated maintenance contract will be achieved.
49. An update as to Social Care Actions from the 3rd Quarters clinic 2005/2006 together with proposed new actions is set out in Appendix B.

Corporate Services

50. The service group are predicting a net saving of (-£400,000) as summarised below:

£'000

Legal & Democratic Services	-191
Strategic Resources	-159
Performance & Policy	-50

51. **Legal & Democratic Services (-£191,000)** A net saving of (-£44,000) is projected on the Property and Regeneration budget mainly due to an increase in net fee income. Further savings are predicted on Common Law mainly attributable to savings on salaries (-£26,000) and an increase in income of (-£15,000).

52. These savings are partly offset by an anticipated budgetary pressure in external support costs in respect Welfare of (+£13,000) and a pressure of (+£35,000) on the General Services budget.
53. A budget pressure of (+£6,000) is forecast on the Coroners budget as a consequence of on-going efforts to reduce the backlog of cases and additional forensic costs.
54. **Members Office (-£159,000)** A saving of (-£55,000) is predicted on Members Services budgets based on agreed allowances for Members basic and special responsibility allowances. In addition, a saving of (-£17,000) is also expected on the Members Development budget. A further saving of (-£17,000) is forecast on Scrutiny Team budgets as a result of an additional receipt from the Tees Valley Councils. A number of additional savings totalling (-£65,000) are also predicted on several other budgets including the Civic Hospitality budget.
55. **Strategic Resources (-£159,000)** A saving of (-£62,000) is anticipated on Benefits budget as a result of staff turnover and associated staffing costs relating to the Area Office cover. This is partly offset by difficulties in recruiting staff in the Internal Audit section which has led to a need to employ agency staff on short-term contracts, resulting in a projected budget pressure of (+£41,000).
56. Corporate Subscriptions is forecast to overspend by (+£12,000), this is due to the payment of a National Levy to the Improvement & Development Agency. There is a saving of (-£26,000) on Asset Management costs from the receipt of unbudgeted income from an electricity charge rebate. A savings of (-£6,000) is predicted in the Strategic Commissioning and Procurement Unit resulting from staffing savings. Partnership Procurement savings of (-£116,000) are predicted.
57. **Performance & Policy (-£50,000)**. There are savings of (-£50,000) predicted on the salary budget resulting from staff vacancies and delays in recruitment.
58. **Corporate Gershon Savings** The corporate efficiency savings will be achieved.
59. An update as to Corporate Services Actions from the 3rd Quarters clinic 2005/2006 together with proposed new actions is set out in Appendix B.

Corporate Costs

60. The net outturn of (-£762,000) on corporate budgets is summarised below.

	£'000
Pay & Prices	+37
Trading Services Surplus	+200
Trading Services - non trading costs	+142
Designated Authority	-44
Capital Financing	-504
Custodian Properties	-31
Contribution from Provisions	-562

61. **The contribution from provisions relates to a specific provision made on 31st March 2006 to meet demand led Social Services (Social Care and Children Families and learning) pressures in 2006/2007.**

OPTION APPRAISAL / RISK ASSESSMENT

62. **Not applicable to this report.**

FINANCIAL, LEGAL AND WARD IMPLCATIONS

63. A net budget saving of £21k is forecast within general fund services for the year as summarised below. Environmental lane rental income is only available for specific purposes and therefore has not been included as general balances.

	£000s
Children, Families & Learning	+610
Environment & Neighbourhood Services	0
Regeneration	0
Social Care	+531
Corporate Services	-400
Central Provisions	-762
Net Contribution to Balances: -	-21

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

	General Fund £000s	Back Dated RSG £000s	Lane Rental Income £000
Opening Balance	5,593	1,866	889
Add			
Forecast Net Services Savings	21		
Lane Rental Income			0
RSG Income Back dated*		2,459	
Less use in 2006/2007	793	1,866	445
Estimated Balances as at 31 st March 2007	4,821	2,459	444

RECOMMENDATIONS

65. Corporate management team are asked to: -

- a. **Note and consider the contents of the report;**
- b. **Approve the requests for virements as set out in appendix A, and**
- c. **Consider the progress against agreed Actions as outlined in appendix B**

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

- **2006/2007 Service Budgets**
- **2006/2007 1st Quarter Service budget monitoring reports**
- **2005/2006 Revenue Outturn report**

REQUESTS FOR VIREMENTS

APPENDIX A

CHILDREN FAMILIES & LEARNING

The Computers for Children Looked After to be co-ordinated by the Pupil Support Team		Amount
8/8/2006	Vulnerable Children – Fostering	-10,200
	Pupil Support – Education of Children Looked After	10,200
	Total	0

Realignment of the Governors Support Budget		Amount
8/8/2006	Policy & Resources – Governors Support – Income from External Bodies	-3,820
	Policy & Resources – Governors Support – Car Parking	520
	Policy & Resources – Governors Support – Car Allowances	2,590
	Policy & Resources – Governors Support – Printing	-1,000
	Policy & Resources – Governors Support – Hired & Contracted	-1,500
	Policy & Resources – Governors Support – Postages	1,000
	Policy & Resources – Governors Support – Conference Fees	2,010
	Policy & Resources – Governors Support – Subscriptions	200
	Total	0

Prudential borrowing funding for the MTLC lift		Amount
8/8/2006	Policy & Resources – MTLC	-10,000
	Strategic Resources – Corporate Borrowing	10,000
	Total	0

Provision from Secondary element of R&M to be made for the Building Schools for the Future		Amount
8/8/2006	Capital & Assets – Repairs & Maintenance	-200,000
	Capital & Assets – Building Schools for the Future	200,000
	Total	0

Organisation of Boro Buzz Events to be co-ordinated by Regeneration		Amount
8/8/2006	Policy & Resources – Boro Buzz	-15,000
	Regeneration – Boro Buzz	15,000
	Total	0

To ensure the budget is in line with assigned recharges

		Amount
8/8/2006	Vulnerable Children – Management & Admin	113,000
	Social Services – Emergency Duty Team	-113,000
	Total	0

ENVIRONMENT**Increase telephone budget – Transport & Design Management & Admin**

		Amount
7/8/2006	Transport & Design / Management & Admin	5,117
	Transport & Design / Transport & Policy	-869
	Transport & Design / Laboratories	-4248
	Total	0

Decrease Architects Fee account

		Amount
7/8/2006	Transport & Design / Building Design	100,000
	Transport & Design / Management & Admin	-50,000
	Transport & Design / Transport & Policy	-50,000
	Total	0

Increase Community Protection Exam & Course Fees budget

		Amount
7/8/2006	Community Protection / Public Protection	-1,200
	Community Protection / Management & Admin	1,200
	Total	0

Transfer of Public Conveniences budget from Waste Services to Property Services

		Amount
7/8/2006	Streetscene / Property Services	68,936
	Streetscene / Waste Services	-68,936
	Total	0

Transfer of Active Intelligence Mapping Officer salary budget to Social Care

		Amount
7/8/2006	Environment / Community Protection / Crime & Disorder	-36,001
	Social Care / Street Wardens	36,001
	Total	0

SOCIAL CARE

Realign Stretch targets to correct service division

		Amount
11/8/06	Social Care – Older People	17,700
	Social Care – Older Mental Health	-11,800
	Social Care – Physical Disabilities	4,800
	Social Care – Learning Disabilities	9,500
	Social Care – Mental Health	3,200
	Social Care – Performance & Modernisation	2,800
	Social Care – Street Wardens	-26,200
	Total	0

Realign Section 28a Income from health to the correct service division

		Amount
11/8/06	Social Care – Older People	-45,300
	Social Care – Learning Disabilities	45,300
	Total	0

Combine several CSDP minor equipment budgets into one service-wide budget

		Amount
11/8/06	Social Care – Older People	-6,950
	Social Care – Physical Disabilities	6,950
	Total	0

Realign budget re Alzheimers Contract to correct service division

		Amount
11/8/06	Social Care – Older People	-27,000
	Social Care – Older Mental Health	27,000
	Total	0

Realign budget re Breaks for Carers to correct service division

		Amount
11/8/06	Social Care – Older People	-56,300
	Social Care – Older Mental Health	56,300
	Total	0

Realign budget re Direct Payments Management Fee to correct service division

		Amount
11/8/06	Social Care – Older People	-71,100
	Social Care – Physical Disabilities	-104,100
	Social Care – Learning Disabilities	-81,200
	Social Care – Mental Health	-7,600
	Social Care – Adults Holding Account	264,000
	Total	0

Realign Specific Carers Services budget to correct service division		Amount
11/8/06	Social Care – Adults Holding Account / Adults Grants	-90,400
	Social Care – Adults Holding Account / Specific Carers Services	90,400
	Total	0

Realign budget service Contingency to different cost centre		Amount
11/8/06	Social Care – Performance & Modernisation / Other Support	-427,000
	Social Care – Performance & Modernisation / Contingency	427,000
	Total	0

To correct Human Resources Development Grant budget allocation		Amount
11/8/06	Social Care – Performance & Modernisation / Training (expenditure)	-40,900
	Social Care – Performance & Modernisation / Training (income)	40,900
	Total	0

Realign Mencap Spot purchase budget to the correct service division		Amount
11/8/06	Social Care – Mental Health	-13,000
	Social Care – Learning Disabilities	13,000
	Total	0

Realign budget to reflect re-organisation of Older / Physical management		Amount
11/8/06	Social Care – Older People	28,900
	Social Care – Physical Disabilities	-13,300
	Social Care – Adult Holding Accounts	-15,600
	Total	0

To realign budgets to reflect achievement of stretch target savings across all service divisions		Amount
11/8/06	Social Care – Older People	59,800
	Social Care – Older Mental Health	11,800
	Social Care – Physical Disabilities	57,500
	Social Care – Learning Disabilities	113,900
	Social Care – Mental Health	38,200
	Social Care – Performance & Modernisation	32,600
	Social Care – Street wardens	26,200

Social Care – Adult Holding Accounts	-113,100
Social Care – Physical Disabilities	-6,400
Social Care – Older People	-26,900
Social Care – Mental Health	-88,900
Social Care – Learning Disabilities	-15,800
Social Care – Older Mental Health	-30,100
Social Care – Performance & Modernisation	+600
Social Care – Street wardens	-59,400
Total	0

Realign Single Assessment Process budget to correct service division in line with management responsibilities

		Amount
11/8/06	Social Care – Adults Holding Account	-9,100
	Social Care – Performance & Modernisation	9,100
	Total	0

Realign community care budgets to reflect difference between base budget (at 31/12/05) and client numbers at 1/4/06 – budget transferred to/from contingency

		Amount
11/8/06	Social Care – Performance & Modernisation / Contingency	36,000
	Social Care – Older People	-100,000
	Social Care – Older Mental Health	-63,000
	Social Care – Physical Disabilities	90,000
	Social Care – Learning Disabilities	25,000
	Social Care – Mental Health	12,000
	Total	0

Community care – transfer of service user to correct service division

		Amount
11/8/06	Social Care – Learning Disabilities	27,600
	Social Care – Substance Abuse	-27,600
	Total	0

To correct income budget re contributions from health in respect of the Intermediate Care service - budget transferred to/from contingency

		Amount
11/8/06	Social Care – Performance & Modernisation / Contingency	18,600
	Social Care – Older People	-18,600
	Total	0

To correct the budget re Safer Middlesbrough Partnership Grant

		Amount
11/8/06	Social Care – Safer Middlesbrough Partnership (expenditure)	1,658,527
	Social Care – Safer Middlesbrough Partnership (income)	-1,658,527
	Total	0

Realign budgets where a direct payment has been approved to replace an existing service provision

		Amount
11/8/06	Social Care – Mental Health / Direct Payment	11,200
	Social Care – Older People / Direct Payment	7,800
	Social Care – Physical Disabilities / Direct Payment	7,700
	Social Care – Mental Health / Enablement & Support	-11,200
	Social Care – Personal Care	-10,700
	Social Care – Older People / Residential	-4,800
	Total	0

CORPORATE SERVICES**Changes to the scoped property portfolio within HBS partnership**

		Amount
9/8/06	Social Care – Repairs	187,500
	Children, Families & Learning	13,650
	Manor Youth & Community Centre	1,910
	Under the Clock Community	8,300
	Strategic Resources - Partnership Budget	-211,360
	Total	0

Risk Management – change of Management responsibility to Performance & Policy

		Amount
9/8/06	Performance Management & Diversity - Income	-41,000
	Performance Management & Diversity - Expenditure	41,000
	Total	0