



23rd November 2006

2006/2007 2nd Quarters Revenue Outturn

Director of Resources : Paul Slocombe

PURPOSE OF THE REPORT

1. To present to Corporate Management team an estimate of the annual outturn for 2006/2007 based on the second quarters review of revenue expenditure against the current years 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 pensioners, £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	+333
Social Care	+98
Less provision for demand led pressures	-250
	+182
Environment	-2
Regeneration	-15
Corporate Services	-367
Corporate Costs and provisions	-381
	-334

- 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 (CFL)

- 6 Net budget pressure of (+£333,000) is forecast for the Children, Families and Learning service area, summarised as follows: -

	£'000
Policy and Resources	-69
Capital and Assets	+4
School Improvement	0
Pupil Support	-46
Community Education	+1
Strategic management	-25
Vulnerable Children	+1,148
Budget Mitigation	-680

- 7 **Policy and Resources (-£69,000)** A saving has been identified on the premature retirement compensation budget.
- 8 **Pupil Support (-£42,000)** There is a significant budget pressure on Home to School Transport of (+£151,000) as a result of additional transport needs for pupils with special needs, and the increased use of taxis for 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 Savings of (-£75,000) are predicted on Home/Hospital Extra District budgets due to the receipt of additional local authorities income. A saving of (-£80,000) is also predicted on the Independent Schools budget due to additional health funding.

There are also savings on staffing in the Admin support, Child Protection and Education Psychologists of (-£63,000)

- 10 A pressure of (+£25,000) is forecast on the City Academy Special Units budget due to changes in pupil numbers and funding arrangements.
- 11 **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).
- 12 **Vulnerable Children (+£1,148,000)** Required savings on employee costs are not expected to be achieved resulting in a budget pressure of (+£45,000). 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. A pressure of (+£82,000) is expected because of the loss of NRF and other grant income. New legislation has resulted in the replacement of the Area Child Protection Committee by the Local Safeguarding Children's Board. This has created a further pressure of (+£58,000). Pressures are also forecast on Social Workers budgets (+£20,000) and on recharges from Stockton Council (+£23,000). Payments to nursery providers are lower than expected (-£37,000) and there is a saving from the closure of St Hilda's Nursery of (-£25,000).
- 13 There is a pressure of (+£266,000) from additional residential placements. There are additional pressures of (+£55,000) on in-house fostering payments and (+£713,000) in respect of out of borough placements to independent fostering and agency fostering service. The Fostering spending pressures will be reduced by (-£76,000) in 2006/2007 by Choice protects grant.
- 14 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.
- 15 There is a projected budgetary pressure of (+£122,000) in Family Support Services primarily as a result of the increase in expenditure on Section 17 and the change in service delivery of Agency Respite and Sharing the Caring to a direct payments basis
- 16 A pressure of (+£106,000) is forecast on Management Support budgets. This is mainly due to the fact that budgeted saving targets have not been achieved. These pressures are partially offset by a predicted saving of (-£184,000) on Other Children and Family services. Savings on employee costs have exceeded budgeted targets and some contracts within the Leaving Care Service have not been renewed.
- 17 **Budget Mitigation (-£680,000)** The service has set out an action plan to mitigate the net total service budgetary pressures of £1.3m. It is proposed to use (-£150,000) of the Parent Support Advisors grant to fund salary costs. The review of all external grants is expected to release a further (-£100,000). A saving of

(-£180,000) is projected from leaving vacant post unfilled and by placing a moratorium on all non-essential spending on supplies and services. The service is also assuming a contribution of £250,000 from the budgeted 2006/2007 Social Services provision to accommodate demand led pressures.

18. A review of the CFL medium term financial plan was due to be completed by the 2006/2007 2nd quarters report. The Service has assured that a Medium Term Financial Plan report for the service will be completed during December 2006.
19. Children, Families and Learning Gershon efficiency savings will be achieved in 2006/2007.
20. An update as to Children Families & Learning 1st Quarter Actions together with proposed new actions is set out in Appendix B. It is essential to the Council's budget setting process that the medium term financial plan for Children Families and Learning is completed before the end of December 2006.

Social Care

21. The service are predicting a net budget pressure of (+£98,000) as summarised below:

	£'000
Older people	+148
Physical disability /Sensory Impairment	+111
Learning Disabilities	+544
Mental Health	+4
Other Adults Services	+15
Asylum Seekers	+40
Ayresome Industries	-320
Personal Care	+21
Holding Accounts	-465

22. **Older People (+£148,000).** Vacancies within the Assessment & Care management function are anticipated to produce a saving of (-£103,000). Reduced home placements with Nursing responsibilities are projected to save (-£278,000.) There is a pressure on residential care costs of (+£463,000) as a result of increased placements and temporary dual costs that will be incurred during the closure of Albert Cocks and Levick House and staff cover costs at Middlesbrough Intermediate Care Centre.
23. 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 (+£80,000) in this year. This has been largely offset by additional income of (-£90,000) for a new work initiative absorbed within existing costs.
24. There has been an increase in direct payments creating a pressure of (+£61,000).

- 25 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 (+£18,000).
- 26 **Physical Disabilities (+£111,000)** Vacancies within the service will lead to savings of (-£32,000) within staffing budgets. Revised contracting arrangements for residential care will produce savings of (-£98,000). Increased demand within residential care and Direct Payments will however, create pressures of (+£241,000)
- 27 **Learning Disabilities (+£544,000)** Increased demand (30 clients) will lead to financial pressures of (+£253,000) on 2006/2007. These are partly offset by savings within purchased community support and day care services of (-£47,000) and additional Independent Living Fund (ILF) income of (-£180,000).
- 28 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 (+£518,000).
- 29 **Mental Health (+£4,000)** Savings are anticipated within Enablement and Support and day Care purchasing budget of (-£25,000). Added to this are staff vacancies savings of (-£23,000) and the transfer of one nursing client to Continuing Health Care status, saving a further (-£16,000) and the delay in awarding a contract (-£60,000).
- 30 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 (+£100,000) in this financial year.
- 31 **Other Adults (+£15,000)** This is in respect of increased demand on the Substance Abuse budgets producing a pressure of (+£15,000).
- 32 **Asylum Seekers (+£40,000).** Demand led pressures in relation to Asylum Seekers are expected at (£40,000).
- 33 **Personal care (+£21,000)** 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 (+£21,000).
- 34 **Ayresome Industries (-£320,000).** The Council has previously agreed to Ayresome Industries carrying forward any surplus from its activities. Given the need to reduce the Social Care revenue overspends an exercise to assess spare capacity within the surplus has been undertaken and a contribution of (-£320,000) is anticipated.

- 35 **Holding Accounts (-£465,000)**. A pressure of (+£12,000) is anticipated in respect of in-house homecare due to timing issues on the review of the service. An increase in the cost of support services for direct payments (+£40,000) and Emergency Duty functions (+£20,000) are also anticipated. This is partly offset by an underspend in relation to day care transport costs of (-£15,000).
- 36 Social Care has maintained a provision to meet the changing requirements of service provision. This is being utilised to offset the above pressures (-£522,000) in 2006/07.
- 37 **Fair Price for Care issues** - Costs incurred in relation to appointing external consultants to co-ordinate the FPC process are anticipated at (+£54,000). In addition costs of (+£14,000) are anticipated as a result of increases above 2%.
- 38 **Gershon** – The majority of the Gershon efficiencies have already been realised or are progressing satisfactorily. Some targets are likely to slip but a number of significant efficiencies not in the original Gershon saving targets have been identified which should compensate for this slippage.
- 39 An update as to Social Care Actions from the 1st Quarters clinic 2006/2007 together with proposed new actions is set out in Appendix B.

Provision for demand led pressures. (CFL and Social Care)

- 40 In setting the 2006/2007 revenue budget the Council set aside a provision of £500,000 to meet costs associated with increased demand for Social Services (Children and Older people). Children Families and learning have requested that £250,000 of this be applied to meet their pressures. The balance remains to be applied throughout the remainder of the year.

Environment and Neighbourhood Services

- 41 Net saving of (-£2,000) within Environment and Neighbourhood Services consist of the following: -

	£'000
Transport & Design	-77
Community Protection	+24
Streetscene – Revenue Funded	+51
Executive Director	0
Streetscene (Trading)	-20

- 42 **Transport and Design (-£77,000)**. Savings of (-£180,000) are predicted on the new concessionary scheme. Administrative costs and payments to the operator of the new Transporter bus service are lower than expected. There are budget pressures caused by the non-achievement of the Dial-a-Ride Gershon saving target (+£50,000) and a drop in Bus Station service charge income.

- 43 **Community Protection (+£24,000).** Net budgetary pressures of (+£22,000) are forecast on Public Protection Services. A (+£20,000) income shortfall is projected because of the on-going decline of North Ormesby market. A further income shortfall of (+£22,000) is forecast on Street Trading. Staff vacancies are expected to produce a saving of (-£20,000) on Trading Standards costs.
- 44 Clairville Stadium was reopened in May; however there has been a loss of (£30,000) being April's income. Income from the hire of the football pitch at the Southlands Centre is also declining due to the need for a replacement pitch. The service is working on a plan to mitigate the pressure by a re-organisation of the management team leaving non-essential posts vacant.
- 45 A saving of (-£28,000) is forecast on Crime & Disorder budgets due to a member of staff in the Anti-Social Behaviour Team being seconded to the NRF funded Shield Project.
- 46 **Street Scene (+£51k).** Projected pressures of (+£51,000) have been identified on Horticulture, Parks and Leisure budgets. Additional staff have been employed to respond to concerns in respect of anti-social behaviour at the Prissick Plaza Skate Park. Landscaping income has also fallen.
- 47 **Streetscene Trading (-£20,000)** A surplus of (-£20,000) is predicted on Horticultural services. A deficit of (+£75,000) is forecast on Building Works but this is offset by a projected surplus on Building Security. The net trading surplus contributes towards the corporate target of £250,000.
- 48 **Gershon** All saving targets are expected to be achieved except for the Bus Station staffing review and the Building Works alternative Caretaking Scheme. New Gershon savings are actively being sought for future years and these will be reported to the next budget clinic.
- 49 An update as to Environment Actions from the 1st Quarters clinic 2006/2007 together with proposed new actions is set out in Appendix B.

Regeneration and Cultural Services

- 50 The service is expected to produce a net saving of £15,000:-

	£'000
Planning & Regeneration	+10
Cultural Services	-13
Economic & Community Regeneration	+3
Libraries	-15
Museums	Nil

- 51 **Planning and Regeneration (+£10k).** A net pressure of (+£10,000) is predicted on the Strategic Housing Function. A pressure of (+£30,000) is forecast due to lower than expected renewals fee income and there are a number of other pressure totalling (+£28,000). This is partially offset by projected savings of (-£33,000) as a result of staff turnover and delays in appointments.
- 52 **Cultural Services (-£13,000).** Delays in recruiting staff to new posts created to develop and deliver the Cultural Vision of Middlesbrough have resulted in a projected saving of (-£27,000). This is partly off-set by a requirement of (+£14,000) match funding for the Town Hall and Theatre feasibility study phase 2.
- 53 **Economic & Community Regeneration (+£3k).** Unrecoverable balances on three completed European Funded Projects totalling (+£13,000) are partly offset by savings on Economic Development Team (-£6,000) and Community Regeneration (-£4,000) budgets.
- 54 Potential grant repayments totalling (+£89,000) may have to be made on the Building Bureau European project. A further potential repayment of (+£13,000) may have to be made on the Creating Tomorrows Legends Today project. These costs have not been included in the outturn figures at this stage.
- 55 **Libraries (-£15,000).** Vacancies and staff turnover are expected to produce a saving of (-£31,000). This is partially offset by pressures on fees and charges income, the cost of BVPI annual user survey reports and the cost of the courier service being higher than expected.
- 56 **Gershon -** All cashable efficiency savings are on target to be achieved. The non cashable savings are expected to be achieved except for Building Control & Development Control, Approval of planning applications, Policy for removal and storage of furniture for homeless households which will be partly achieved. The Relocation of Arts Development Staff will not be achieved at all. New Gershon savings are actively being sought to replace them and these will be reported to the next budget clinic.
- 57 An update as to Regeneration Actions from the 1st Quarters clinic 2006/2007 together with proposed new actions is set out in Appendix B.

Corporate Services

- 58 The service group are predicting a net saving of (-£367,000) as summarised below:

	£'000
Legal & Democratic Services	-138
Strategic Resources	-206
Performance & Policy	-23

- 59 **Legal & Democratic Services (-£8,000)** A net saving of (-£21,000) 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 (-£60,000) and an increase in income of (-£15,000).
- 60 These savings are partly offset by an anticipated budgetary pressure in external support costs in respect Welfare of (+£22,000) and a pressure of (+£35,000) on the General Services budget), Electoral Registration budgets (+£11,000) and Senior Management budgets (+£5,000)
- 61 Budget pressure of (+£16,000) is forecast on the Coroners budget as a consequence of on-going efforts to reduce the backlog of cases and additional forensic costs.
- 62 **Members Office (-£146,000)** A saving of (-£32,000) 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 (-£15,000) is forecast on Scrutiny Team budgets as a result of an additional receipt from the Tees Valley Councils. A number of additional savings totalling (-£82,000) are also predicted on several other budgets including the Civic Hospitality budget.
- 63 **Strategic Resources (-£206,000)** A saving of (-£134,000) is anticipated on Benefits budget as a result of staff turnover and associated staffing costs relating to the Area Office cover. Savings of (-£88,000) are predicted on Local Taxation budgets. Income from Court costs recovery has exceeded budgeted levels and the cost of Council Tax collection from the Area Offices was lower than expected. 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 (+£53,000).
- 64 Industrial & Commercial Property budgets are predicting a net saving of -£99,000). There is a one-off receipt for outstanding rents (-£19,000) and income from the Teesside Law Court Car Park (-£20,000).
- 65 A spending pressure of (+12,000) is forecast for Corporate Subscriptions, this is due to the payment of a National Levy to the Improvement & Development Agency. Pressures are also forecast on the Corporate Initiatives Fund (+£32,000). The use of agency staff on projects across has created a further pressure of (+£87,000)
- 66 A savings of (-£22,000) is predicted in the Strategic Commissioning and Procurement Unit resulting from staffing savings and non-recoverable penalties from HBS.
- 67 **Performance & Policy (-£23,000).** There are savings of (-£23,000) predicted on the salary budget resulting from staff vacancies and delays in recruitment.
- 68 **Corporate Gershon Savings** The corporate services efficiency savings will be achieved.

69 An update as to Corporate Services Actions from the 1st Quarters clinic 2006/2007 together with proposed new actions is set out in Appendix B.

Corporate Costs

70 The net outturn of -£381,000 on corporate budgets is summarised below.

	£'000
Pay & Prices	+55
Trading Services Surplus	+230
Trading Services - non trading costs	+141
Designated Authority	-42
Capital Financing	-581
Custodian Properties	-29
Unfunded Pensions	-155

OPTION APPRAISAL / RISK ASSESSMENT

71 Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLCATIONS

72 A net budget saving of (-£334,000) 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	+333
Environment & Neighbourhood Services	-2
Regeneration	-15
Social Care	+98
Corporate Services	-367
Central Provisions	-381
Net Contribution to Balances: -	-334

73 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	334		
Lane Rental Income			0
RSG Income Backdated		2,459	
Less use in 2006/2007	793	1,866	445
Estimated Balances as at 31 st March 2007	5,134	2,459	444

RECOMMENDATIONS

74 CMT are asked to: -

- a. Note and consider the contents of the report;
- b. Consider 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 Quarters Revenue Outturn report to Executive
- 2006/2007 2nd Quarter Service budget monitoring reports

REQUESTS FOR VIREMENTS

APPENDIX A

ENVIRONMENT

Transfer of Landscape & Countryside and Open Spaces from PDI unit to Places & Spaces (formerly Horticulture, Parks & Leisure Centres) to reflect service management structure		Amount
	Streetscene - Places & Spaces	+£490,426
	Streetscene - PDI Unit	-£490,426
	Total	Net Nil

REGENERATION

Temporary virement for maintenance & operating costs of public square surrounding MIMA		Amount
	Regeneration - Museums	-£50,000
	Environment - Streetscene	+£50,000
	Total	Net Nil

SOCIAL CARE

Transfer minor adaptations budget to reflect management responsibility		Amount
3/11/06	Strategic Housing	-£30,600
	Social Care – Physical Disabilities	+£30,600
	Total	Net Nil

Realign budgets where service users have transferred between divisions		Amount
3/11/06	Social Care – Physical Disabilities	-£15,100
	Social Care – Mental Health	+£15,100
	Social Care – Learning Disabilities (Residential)	-£274,200
	Social Care – Learning Disabilities (Nursing)	+£274,200
	Total	Net Nil

Transfer post between teams in Mental Health		Amount
3/11/06	Social Care – Mental Health (Day Care)	+£23,900
	Social Care – Mental Health (Community Support)	-£23,900
	Total	Net Nil

To centralise departmental printing budgets		Amount
3/11/06	Social Care – Older People	-£3,680
	Social Care – Learning Disabilities	-£1,900
	Social Care – Adult Holding accounts	-£3,500
	Social Care – Holding Accounts (PM&M)	+£9,080
	Total	Net Nil

To correct income budget re contributions from health in respect of an Occupational Therapist		Amount
3/11/06	Social Care – Performance & Modernisation / Contingency	+£36,000
	Social Care – Physical Disabilities	-£36,000
	Total	Net Nil

