

OVERVIEW AND SCRUTINY BOARD

28 August 2007

2007/2008 1st Quarter Revenue Budget Outturn

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PURPOSE OF THE REPORT

1. To present to Overview and Scrutiny Board an estimate of the annual outturn for 2007/2008 based on the first quarter review of revenue expenditure against the current years Revenue Budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council on the 7th March 2007 set its revenue budget at £117.7 million for 2007/2008. The budget includes a temporary use of balances of £1.143 million to support the overall expenditure of the Council. A Council Tax increase of 3.7% for Middlesbrough Council was applied.
3. In setting the 2007/2008 budget, approximately £2.6 million of efficiency savings were identified. The Council approved an extra £3.5 million for key services; including:
 - £1.9m for Vulnerable Adults and children
 - £0.7m for Regeneration projects
 - £0.4m for investment in the Environment
 - £0.2m for Street Warden Services
 - £0.1m for Leisure, Sports and Health
 - £0.2m other services
4. The projected outturn position for 2007/2008, based on the first quarters review is a net budget saving of (-£111,000). The outturn position is summarised below:

£,000s

Children, Families and Learning	0
Social Care	+124
Environment	-92
Regeneration	+47
Corporate Services	-127
Corporate Costs and provisions	-63
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	-111

Children, Families and Learning

5. The service predicts a net budget saving of (-£710,000) within the service. This would reduce the requirement for the temporary use of balances from the approved level of £1.143 million to £433,000. The outturn position is summarised below: -

	£000s
Policy and Resources	+54
Capital and assets	-14
School Improvement	-52
Pupil support	+30
Community Education	+11
Strategic Management	-45
Family Services	-194
Sure Start	-500
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	-710
Less reduction in temporary use of balances	710
Net Position	0

6. **Policy and Resources (+£54,000)** - There is a saving of (-£6,000) as a additional Dedicated Schools Grant (DSG) agreed by the Schools Management Forum, to meet stress counselling costs. The catering services budget is showing a potential pressure of (+£60,000). A review of this service is being undertaken to address the issue in 2007/2008 and an update will be reported at future clinics.
7. **Capital and Assets (-£14,000)**. There is a projected saving of (-£14,000) due to staff turnover and a reduction in staff hours
8. **School Improvement (-£52,000)** Advisory Service staff are spending more time working on grant initiatives which allow the recharge of salary expenditure to specific grants resulting in a saving of (-£52,000). This may not be achievable in the medium to long term.
9. **Pupil Support (+£30,000)** A pressure of (+£24,000) is anticipated on Home School Transport due to additional costs of providing transport for individual children to Pupil Referral Units (PRU's). This is due to different pupils being transported at different times of the school day to meet their respective timetable requirements.

10. There is a pressure of (+£60,000) on the Attendance & Behaviour Support Team due to the under-recovery of school buy- taking place, this will be offset by additional DSG funding of (-£37,200). There are also anticipated net staff savings of (-£17,000).
11. **Community Education (+£11,000)** The loss of LSC grant income, which covered the costs of the Head of Service have been partly offset by the receipt of other grant funding.
12. **Strategic Management (-£45,000)** The vacant Director post will result in a saving of (-£50,000). However, this will be slightly offset by the costs of the Joint Area Review of (+£5,000).
13. **Family Services (-£194,000)** On the Assessment and Care Management budget there is a pressure of (+£158,000) due to unrealised savings on staffing costs. There is a saving on in-house fostering costs (-£85,000) and on residential placements of (-£455,000). These savings are offset by a pressure of (+£118,000) on agency fostering services and staffing budget pressures of (+£22,000) within Gleneagles.
14. A net staffing budget pressure of (+£48,000) exists within Family support. This is due to unrealised savings on staffing costs in Other Children and Family services Management support (+£20,000) and the increased take up of direct payments by service users (+£28,000).
15. **Sure Start** Work is currently being undertaken to maximise the use of the Sure Start Grant. It is possible that these grants may be able to provide up to £500,000 additional saving towards the mainstream service provision within Children, Families and Learning.
16. The majority of cashable gershon efficiency savings will be achieved by CFL. However the target for retirements in the Pupil Support – Attendance and Behaviour Support team will only be partly met. Details are provided at Appendix B
18. An update as to Children Families & Learning Actions from the 2006/2007 3rd quarters budget clinic together with proposed new actions is set out in Appendix C.

Social Care

19. The service are predicting net service pressures of £124,000 as summarised below:

	£'000s
Older People	+304
Physical disability / Sensory impairment	-112
Learning Disabilities	+116
Mental Health	+61
Other adults services	0
Adults Holding Accounts	+10
Asylum Seekers	0
Ayresome Industries	0
Performance & Modernisation	-170
Service Strategy	-31
Street Wardens	0
Contribution from Social Services Provision	-54
	124

20. **Older People (+£304,000)** There is a pressure of (+£110,000) on staffing budgets due to a lower than expected staff turnover. In addition, there are unbudgeted costs of (+£51,000) for four former employees of Albert Cocks/Levick still to be redeployed. There is a net pressure on residential care costs of (+£54,000) as a result of increased placements.
21. Pennyman House, an extra care-housing scheme that will eventually achieve savings through a reduction in reliance upon residential care placements opened in June 2007. A slower than anticipated take up of tenancies will produce a one-off pressure of (+£20,000) in 2007/08.
22. The delays associated with the demolition and redevelopment of the Levick House site have required the site to be kept secure. The anticipated additional cost of security to the end of the financial year is (+£62,000).
23. **Physical Disabilities (-£112,000)** The transfer of one client to Continuing Health Care status will produce savings of (-£101,000).
24. **Learning Disabilities (+£116,000)** There is a pressure of (+£116,000) on staffing budgets due to lower than expected staff turnover.
25. **Mental Health (+£61,000)** There is a pressure of (+£61,000) on staffing budgets due to lower than expected staff turnover.
26. **Adult Holding Accounts (+£10,000)** There is a pressure of (+£10,000) on staffing budgets due to lower than expected staff turnover.
27. **Performance & Modernisation Holding Accounts (-£170,000)**. The service has generated short-term efficiencies totalling (-£170,000)
28. **Service Strategy (-£31,000)** Net savings within staffing budgets
29. Social Care efficiency cashable savings will be achieved in 2007/2008 with the exception of the Closure of Albert Cocks & Levick target, which will be slightly

under due to 4 staff waiting to be redeployed. Further details are shown in Appendix B.

30. **Bad Debt Provision** It is anticipated that Bad Debt provision may require additional funding in 2007/08. This is largely as a result of an on-going issue with Tees, Esk & Wear Valleys NHS Trust and an increase in the level of residential care debt following a move to Gross Payments 2 years ago. Work is ongoing in respect of reviewing the level; of outstanding debt.
31. An update as to Social Care Actions from the 2006/2007 3rd quarters budget clinic together with proposed new actions is set out in Appendix C.
32. **Provision for demand led pressures.** The Council has set aside a provision of £720,000 to meet costs associated with increased demand for Social Services (Children and Older people). The above projection assumes a contribution of £54,000 to meet the net pressure on residential care costs as a result of increased placements. The balance remains to be applied.

Environment and Neighbourhood Services

33. The service predicts a net budget saving of (-£92,000) at the end of the 1st quarter. The outturn position is summarised below:

	£'000s
Transport & Design	+18
Community Protection	+20
Streetscene	-130
Executive Director	0
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	-92

34. **Transport & Design (+£18,000).** There is a potential pressure of (+£26,000) in the Intervention Section, due to the requirement for increased frequency of inspection and the new categorization of urgency of repairs as part of implementing the Code of Practice in 2007/08. This is partly offset by a saving of (-£8,000) due to vacant posts in the Built Environment section.
35. **Community Protection (+£20,000)** North Ormesby Market continues to decline, and is an ongoing concern. The market has suffered from a fall in the number of traders, a reduction in the space allocated to it due to the work on the regeneration of North Ormesby, and adverse weather during the summer months. A (+£20,000) pressure is projected on this area for 2007/08, and a report is currently being prepared.
36. **Streetscene (-£130,000)** A saving of (-£300,000) is estimated on Waste Disposal as a result of a review of disposal arrangements, encouraging residents to recycle and the minimisation of extra costs for implementing new waste legislation. The saving is offset by an increase in expenditure on wheeled bins of (+£60,000 - to

meet 95% provision), the introduction of Green Waste Collection (+£60,000) in 2007/2008 and increased fuel costs (+50,000).

37. **Streetscene Trading (+£42,000)** A (-£25,000) surplus is currently projected on Horticultural Services. A (+£75,000) deficit for 2007/08 is projected on Building Works. The main areas contributing to this deficit are a shortfall in electrical and joinery work. A review of the operations in this area is being undertaken to examine the work levels, along with the pricing structure. Both Building Cleaning and Building Security are expected to make a (-£4,000) surplus.
38. Environment efficiency cashable savings will be achieved in 2007/2008. Further details are shown in Appendix B.

Reserves and Balances

39. A number of Environment service schemes approved in the "Reserves & Balances" report to Executive in August 2006 are still due for completion in 2007/2008 after delays in implementation. Appendix D provides schedule of the schemes for each service and the 2007/2008 budget
40. An update as to Environment actions from the 2006/2007 3rd quarter budget clinic together with proposed new actions is set out in Appendix C.

Regeneration and Cultural Services

41. The service predicts a net budget pressure of (+£47,000) at the end of the 1st quarter. The outturn position is summarised below: -

	£000's
Planning & Regeneration	-21
Cultural Services	-6
Museums	+26
Gershon Cash Savings	+48
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	+47

42. **Planning and Regeneration (-£21,000)** A surplus of (-£95,000) is projected for Planning fee income This is partly offset by specialist design advice studies at Central Gardens and Dunning Street Police Station (+£20,000), additional staffing costs in the Urban Policy & Implementation team (+£20,000) and a pressure of (+£34,000) on Housing Mortgages.
43. **Cultural Services (-£6,000)** There is an anticipated saving of (-£38,000) due to the vacancy of Audience Development Manager. There is a projected pressure within the Events programming budgets of (+£8,000) on the Music Live event and (+£18,000) on the BBC Proms in the Park event, due to additional fixtures and equipment being required as a result of expected visitor numbers.
44. **Museums (+£26,000)** There is a pressure of (+£70,000) on the budget for MIMA detailed in the following table. The increase in Business Rates and Insurance

Recharges are proposed to be met from the Councils existing provision for pay and inflation.

Description	Amount (£)
Increase in Business rates	28,400
Increase in Insurance recharges	15,600
Shop income	10,000
Staff pressure (casual)	6,000
Corporate Hire Income	10,000
TOTAL	£70,000

45. An update as to Regeneration's actions from the 2006/2007 3rd quarter budget clinic together with proposed new actions is set out in Appendix B.
46. Whilst the majority of Regeneration Gershon savings will be met a shortfall of £48,000 is being predicted. Further details are shown in Appendix C.

Corporate Services

47. Corporate services are predicting a net saving of (-£127,000) at the end of the 1st quarter. The outturn position is summarised below:

	£000's
Legal & Democratic Services	-115
Strategic Resources	-11
Performance & Policy	-1
	-127

48. **Legal & Democratic Services (-£115,000)** Savings from vacant posts of (-£30,000) on Property and Regeneration, (-£25,000) on Common Law and (-£6,000) on Welfare are expected. These savings are offset by general service pressures of (+£32,000).
49. Due to the additional costs associated with postal ballots, the service has incurred pressures totalling (+£120,000) on Local and Mayoral election budgets. This cost is met from corporate provisions.
50. A pressure of (+£5,000) is forecast on the Coroners budget, as a consequence of higher than expected forensic costs and other hospital charges.
51. The Members office is projecting a saving on Members allowances of (-£120,000), staff vacancies across the service of (-£89,000), an unbudgeted contribution of (-£20,000) from the other Tees Valley authorities. The savings have been partly offset by pressures (+£8,000) on the Resource team and (+£10,000) on temporary cover for the Freedom of Information Officer.
52. **Strategic Resources (-£11,000)** A net saving of (-£119,000) is forecast on Housing Benefits budgets principally due to a greater than expected level of

recovery of overpayments. A net saving of (-£46,000) is projected on Local Taxation budgets due to a reduction in cash collection costs as more people switch to electronic methods of payment.

53. A saving is forecast for the Industrial and Commercial Property budgets due to additional income of (-£50,000) and a reduction in Urban Programme grant payments (-£58,000) back to central government.
54. Difficulties in recruiting staff in the Internal Audit section has led to a need to employ agency staff on short-term contracts, resulting in a projected budget pressure of (+£65,000). In addition the need to employ agency staff to carry out council projects has produced a pressure of (+£53,000). This is partly offset by staffing savings across the service (-£20,000). A review of options to deliver the service in the future is underway.
55. Additional staffing costs due to procurement activity in respect of Building Schools for the future has resulted in a (+£23,000) pressure.
56. Allocations made from the Corporate Initiatives budget have exceeded the total available resources by £131,000.
57. **Performance & Policy (-£1,000)** There is a net saving of (-£1,000) forecast on Performance & Policy running costs.
58. An update as to Corporate Services actions from the 2006/2007 3rd quarter budget clinic together with proposed new actions is set out in Appendix C.

Central Costs and Provisions

59. Central Costs and Provisions predict a net budget saving of (-£63,000) at the end of the 1st quarter. The outturn position is summarised below:

	£000's
Pay & Prices	+44
Trainee allowances	+80
Capital financing	-525
Custodian Properties	0
Right to Buy Receipts	+77
Trading Services - surpluses	+250
Ex Trading Services – non trading costs	+8
Designated Authority	-40
Environment Agency	+19
River Tees Port Authority	+24
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	-63

OPTION APPRAISAL / RISK ASSESSMENT

60. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLCATIONS

61. A net budget saving of (-£111,000) is forecast within general fund services for the year as summarised below-

	£,000s
Children, Families and Learning	0
Social Care	+124
Environment	-92
Regeneration	+47
Corporate Services	-111
Corporate Costs and provisions	-63
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	-111

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

	General Fund £000s	Back Dated RSG £000s	Lane Rental Income £000s
Opening Balance	5,740	2,459	444
Add			
Forecast Net Savings	111		
Less			
Used in 2007/2008	433		236
Estimated Balance as at 31st March 2008	5,418	2,459	208

RECOMMENDATIONS

63. Members of the Overview and Scrutiny Board are asked to:

- a) Note and consider the contents of report

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

- 2007/2008 Revenue Budget Executive Report 13th February 2007
- 2006/2007 – 2010/2011 Medium Term Financial Plan: Executive Report 19th December 2006

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