

## OVERVIEW AND SCRUTINY BOARD

20 November 2007

### 2007/2008 2nd Quarter Revenue Budget Outturn

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#### PURPOSE OF THE REPORT

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

#### BACKGROUND AND EXTERNAL CONSULTATION

2. The Council on the 7<sup>th</sup> 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 service, 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 for Other Services
4. The projected outturn position for 2007/2008, based on the second quarters review is a net budget saving of (-£168,000). The outturn position is summarised below:

	Estimated Qtr 1 Outturn £,000s	Estimated Qtr 2 Outturn £,000s	Variance £,000s
Children, Families and Learning	0	0	0
Social Care	+124	-12	-136
Environment	-92	+134	+226
Regeneration	+47	+57	+10
Corporate Services	-127	-311	-184
Corporate Costs and provisions	-63	-36	+27
	-111	-168	-57

### Children, Families and Learning

5. The service predicts a net budget saving of (-396,000) within the service. This would reduce the requirement for the temporary use of balances from the approved level of £1.143 million to £747,000. The outturn position is summarised below:

	Estimated Qtr 1 Outturn £,000s	Estimated Qtr 2 Outturn £,000s	Variance £,000s
Policy and Resources	+54	+72	+18
Capital and assets	-14	-19	-5
School Improvement	-52	-52	0
Pupil support	+30	-15	-45
Community Education	+11	-17	-28
Strategic Management	-45	-50	-5
Family Services	-194	+285	+479
Sure Start	-500	-600	-100
	-710	-396	+314
Less reduction in temporary use of balances	710	+396	-314
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

6. **Policy and Resources (+£72,000)** – There is a saving of (-£6,000) as an additional Dedicated Schools Grant (DSG) contribution agreed by the Schools Management Forum, to provide additional HR support to employees. The rateable value of the MTLIC premises has been reassessed resulting in an additional charge of (+£18,000) for 2007/08. 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 an update will be reported at future clinics.
7. **Capital and Assets (-£19,000)** – There is a projected saving of (-£9,000) due to staff turnover and a reduction in staff hours. Increased activity at the Carlton Activity Centre has generated additional income of (-£10,000).

8. **School Improvement (-£52,000)** – Advisory Service staff are undertaking work in relation to grant initiatives, which allow the recovery of costs from specific grants resulting in a saving of (-£52,000). This may not be achievable in the medium to long term.
9. **Pupil Support (-£15,000)** – A pressure of (+£24,000) is anticipated on Home to School Transport due to additional costs of providing transport for individual children to Pupil Referral Units. This is due to different pupils being transported at different times of the school day to meet their respective timetable requirements. Savings on taxi contracts of (-£30,000) have offset this pressure.
10. There is a pressure of (+£17,000) on the Attendance & Behaviour Support Team due to the under-recovery of school buy backs taking place. This will be offset by additional DSG of (-£29,000) and net staff savings of (-£55,000).
11. **Community Education (-£17,000)** – The Head of Community Education service has undertaken work for the Connexions Service, which will attract grant funding.
12. **Strategic Management (-£50,000)** – The vacant Director post will result in a saving of (-£50,000).
13. **Family Services (+£285,000)** – Within the Assessment and Care Management budget a net pressure of (+£102,000) is projected. This comprises an abatement pressure of (+£31,000); additional staffing costs across the service to cover long term sickness and service pressures of (+£64,000). An unbudgeted rates charge of (+£4,000) and an increase in contribution relating to the Local Safeguarding Children's Board (+£3,000).
14. The Children Looked After budget is projecting a net pressure of (+£182,000). This comprises savings in respect of in-house fostering of (-£135,000) due to a reduction in placements. The savings has been offset by a pressure of (+£21,000) relating to the provision of health checks for foster cares and children. The projected saving on residential placements has been substantially reduced to (-£69,000) due to six new placement costing (+£264,000) and an increase in the costs of an existing placement of (+£53,000). The pressure on agency fostering services has increased to (+£372,000) as a result of seven new placements, four temporary placements and additional support.
15. A reduction in the requirements for Agency Respite care has resulted in a saving of (-£20,000). This has been offset by a staffing budget pressure of (+£13,000) due to the lower turnover of staff at Gleneagles.
16. A pressure of (+£29,000) exists within Family support, Other Children and Family services and Management support due to under achievement on abatement targets and increased take up of direct payments by service users. A saving of (-£22,000) is anticipated due to the Assistant Director post vacancy for part of the year.
17. Sure Start Work is currently being undertaken to maximise the use of the Sure Start Grant. It is considered that these grants will be able to provide up to

(-£600,000) support to offset the cost of the mainstream service pressures within Children, Families and Learning.

18. The majority of cashable gershon efficiency savings will be achieved by CFL. Details are provided at Appendix B.

19. An update as to Children Families and Learning actions from the 2007/2008 1<sup>st</sup> quarters budget clinic together with proposed new actions is set out in Appendix C.

## Social Care

20. The service are predicting net service savings of (-£12,000) after the use of £307,000 from the provision to meet demand let pressures as summarised below:

	Estimated Qtr 1 Outturn £,000s	Estimated Qtr 2 Outturn £,000s	Variance £,000s
Older People	+304	+353	+49
Physical disability / Sensory impairment	-112	-162	-50
Learning Disabilities	+116	+14	-102
Mental Health	+61	+42	-19
Other adults services	0	0	0
Adults Holding Accounts	+10	-87	-97
Asylum Seekers	0	0	0
Personal Care	0	+336	+336
Ayresome Industries	0	0	0
Performance & Modernisation	-170	-170	0
Service Strategy	-31	-31	0
Street Wardens	0	0	0
Contribution from Social Services Provision	-54	-307	-253
	<b>+124</b>	<b>-12</b>	<b>-136</b>

21. **Older People (+£353,000)** – There is a pressure of (+£170,000) 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 pressure on residential care costs of (+£129,000) as a result of increased placements.

22. Work to promote Pennyman House, an extra care-housing scheme has produced positive results the service is now anticipated to generate savings of (-£61,000).

23. 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 (+£64,000).

24. The increase in the Independent Sector prices for residential care of (+£382,000) will be covered by corporate provisions.
25. **Physical Disabilities (-£162,000)** – There is a projected saving of (-£73,000) due to the increase in the number of clients being less than projected. This is slightly offset by a pressure of (+£11,000) on purchased Community support packages. The service also received (-£100,000) one off unbudgeted income from the PCT.
26. **Learning Disabilities (+£14,000)** – The service has received (-£30,000) of funding from the PCT and supporting people for existing care packages. One client leaving a placement and savings on running costs across the service has generated savings of (-£32,000). There is a projected net pressure of (+£44,000) due to the increase in the number of clients.
27. **Mental Health (+£42,000)** – There is pressure of (+£42,000) on staffing budgets due to lower than expected staff turnover. The pressures from reduced Section 117 income (+£44,000) and a refund of costs to the PCT of (+£22,000) are partly offset by savings of (-£37,000) on the contract with the Shaw Trust. Demand led pressures have increased by 12 clients since the start of the year and are estimated to cost an additional (+£20,000). The service received (-£54,000) one off unbudgeted income from the PCT.
28. **Adult Holding Accounts (-£87,000)** – A saving of (-£87,000) is anticipated in relation to the Carers Services, largely resulting from the re-phasing of the launch of a Carers Card.
29. **Personal Care (+£336,000)** – Sitting Services are projecting a saving of (-£24,000) which is fully offset by pressure in relation to in-house Home Care (+£92,000) and an under achievement of Fairer Charging income (+£15,000). Demand led pressures have increased by 433 personal (domiciliary) care hours per week since the start of the year and are estimated to cost an additional (+£253,000).
30. **Performance & Modernisation Holding Accounts (-£170,000)** – The service has generated short-term efficiencies totalling (-£170,000).
31. **Service Strategy (-£31,000)** – Net savings within staffing budgets.
32. **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.
33. **Bad Debt Provision** – It is anticipated that the Bad Debt provision may require additional funding in 2007/2008. 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. Work is ongoing in respect of reviewing the level of outstanding debt.
34. An update as to Social Care Actions from the 2006/2007 3<sup>rd</sup> quarters budget clinic together with proposed new actions is set out in Appendix C.

35. **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 £307,000 to meet the net pressures on residential care costs and personal care as result of increased placements.

## Environment and Neighbourhood Services

36. The service predicts net budget pressures of (£134,000) at the end of the 2<sup>nd</sup> quarter. The outturn position is summarised below:

	Estimated Qtr 1 Outturn £,000s	Estimated Qtr 2 Outturn £,000s	Variance £,000s
Transport & Design	+18	+64	+46
Community Protection	+20	0	-20
Streetscene	-130	+70	+200
Executive Director	0	0	0
	-92	+134	+226

37. **Transport & Design (+£64,000)** – A budget pressure of (+£148,000) has been projected for the cost of providing the enhanced concessionary travel scheme, (£135,000) will be funded from corporate provisions. Additional administration costs of (+£13,000) will be met from the service. The review of the operating arrangements at the Bus Station will not be achieved this year. This will result in a pressure of (+£50,000). Laboratories are projected to overspend by (+£30,000). Middlesbrough's share of this overspend will be (+£8,000).

38. **Community Protection (£0)** – A (+£45,000) pressure is projected for North Ormesby Market, which continues to decline and is an ongoing concern. The market has suffered from a fall in the number of traders. The pressure is offset by additional income of (-£20,000) in Licensing and staffing savings of (-£25,000) within Private Sector Housing.

39. The Golf Centre is projecting a pressure of (+£70,000) this is due to a reduction in the number of season tickets, green fee sales and income from the Golf Centre Bar and Café. Savings in management costs and a one off additional grant have mitigated this pressure. However this position is not sustainable in the long term. One off pension payments in connection with the redundancy costs of staff at the Southland's Centre has created a pressure of (+£27,000) which, is proposed to be funded from the Change programme fund.

40. **Streetscene (+£70,000)** – A saving of (-£210,000) is estimated on Waste Disposal as a result of a review of current 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) and kerbside recycling boxes (+£30,000) and increased fuel costs

(+£50,000). Further pressures within the service relate to the increased staffing costs of (+£10,000) in the Junk Jobs service and a net pressure on running costs of (+£25,000) on Trade Waste Services.

41. The Landscape and Countryside Service has a predicted income shortfall of (+£157,000) this is partly offset by salary savings of (-£70,000) and savings on running costs of (-£37,000).

42. **Streetscene Trading (+£22,000)** – A (-£25,000) surplus is currently projected on Horticulture Services. A (+£35,000) 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. A cashable Gershon saving of (+£20,000) expected to be generated from the review of caretaking scheme will not be achieved this year.

43. Environment efficiency cashable savings will be achieved in 2007/2008. Further details are shown in Appendix B.

44. An update as to Environment actions from the 2007/2008 1<sup>st</sup> quarter budget clinic together with proposed new actions is set out in Appendix C.

## Reserves and Balances

45. 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. Appendix D provides a summary in respect of the current position.

## Regeneration and Cultural Services

46. The service predicts a net budget of (+£57,000) at the end of the 2<sup>nd</sup> quarter. The outturn position is summarised below:

	Estimated Qtr 1 Outturn £,000s	Estimated Qtr 2 Outturn £,000s	Variance £,000s
Planning & Regeneration	-21	-10	+11
Cultural Services	-6	-15	-9
Economic & Community Regeneration	0	-6	-6
Libraries	0	+46	+46
Museums	+26	+34	+8
Regeneration	0	-33	-33
Gershon Savings	+48	+41	-7
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	+47	+57	+10

47. **Planning and Regeneration (-£10,000)** – 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) and costs related

to a public enquiry in relation to 135 Guisborough Road of (+£15,000). There is a pressure from additional staffing costs in the Urban Policy & Implementation team (+£20,000) and on Housing Mortgages (+£30,000).

48. **Cultural Services (-£15,000)** – There is an anticipated saving of (-£41,000) due to staff turnover. 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.

49. **Economic & Community Regeneration (-£6,000)** – A saving is expected on staffing of (-£29,000), offset by a pressure of (+£9,000) from early retirement packages in connection with the merger of TVDC and Tees Valley Regeneration. There is an under achievement of income within the Enterprise Centres of (+£14,000) due to a reduction in the number of businesses using the centres.

50. **Libraries (+£46,000)** – A pressure of (+£46,000) relating to Peoples network, courier and user surveys costs has been identified within the service.

51. **Regeneration Group (-£33,000)** – The service has received windfall income of (-£20,000) repayment of support services costs from WMNT and (-£13,000) savings from a review of outstanding orders.

52. **Museums (+£34,000)** – There is an anticipated pressure of (+£10,000) due to an under-achievement of sales income for the shop and (+£10,000) under-achievement of sales income for the corporate hires for MIMA. There is also a pressure of £10,000 on the staffing budget due to staff turnover and the cost of national advertising. It should be noted that there are uncertainties on certain budget heads for MIMA i.e. utilities and income and it is likely that trends and estimates for both income and expenditure will not become meaningful until 2 – 3 years of operation.

53. An update as to Regeneration's actions from the 2007/2008 1<sup>st</sup> quarter budget clinic together with proposed new actions is set out in Appendix B.

54. Whilst the majority of Regeneration Gershon savings will be met. A shortfall of £41,000 is being predicted. Further details are shown in Appendix C.

## Corporate Services

55. Corporate services are predicting a net saving of (-£311,000) at the end of the 2<sup>nd</sup> quarter. The outturn position is summarised below:

Estimated Qtr 1 Outturn	Estimated Qtr 2 Outturn	Variance
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	£,000s	£,000s	£,000s
Legal & Democratic Services	-115	-167	-52
Strategic Resources	-11	-138	-127
Performance & Policy	-1	-6	-5
	<hr/>	<hr/>	<hr/>
	-127	-311	-184

56. **Legal & Democratic Services (-£167,000)** – Savings from vacant posts of (-£16,000) on Property and Regeneration, (-£24,000) on Common Law and (-£8,000) on Welfare are expected. These savings are offset by general service running cost pressures of (+£46,000).

57. 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.

58. A pressure of (+£15,000) is forecast on the Coroners budget, as a consequence of higher than expected forensic costs and other hospital charges. The Council is currently disputing the charges. Registration Services are projecting a pressure of (+£39,000) due to shortfall an income, offset by staffing savings of (-£9,000).

59. The Members office is projecting savings on Members allowances of (-£120,000), staff vacancies across the service of (-£70,000), an unbudgeted contribution of (-£20,000) from the other Tees Valley authorities and running cost of (-£34,000). The savings have been partly offset by pressures (+£8,000) on the Resource team and (+£26,000) on temporary cover for the Freedom of Information Officer.

60. **Strategic Resources (-£138,000)** – A net saving of (-£254,000) is forecast on Housing Benefits budgets principally due to a greater than expected level of recovery of overpayments. A net saving of (-£17,000) is projected on Local Taxation budgets due to a reduction in cash collection costs as more people switch to electronic methods of payment.

61. A saving is forecast for the Industrial and Commercial Property budgets due to additional income of (-£80,000) and a reduction in Urban Programme grant payments (-£24,000) back to central government.

62. 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 (+£93,000). In addition the need to employ agency staff to carry out council projects has produced a pressure of (+£43,000). A review of options to deliver the service in the future is underway.

63. Allocations made from the Corporate Initiatives budget have exceeded the total available resources by £101,000.

64. **Performance & Policy (-£6,000)** - There is a net saving of (-£6,000) forecast on Performance & Policy running costs.

65. An update as to Corporate Services actions from the 2007/2008 1st quarter budget clinic together with proposed new actions is set out in Appendix C.

## Central Costs and Provisions

66. Central Costs and Provisions predict a net budget saving of (-£36,000) at the end of the 2<sup>nd</sup> quarter. The outturn position is summarised below:

	Estimated Qtr 1 Outturn £,000s	Estimated Qtr 2 Outturn £,000s	Variance £,000s
Pay & Prices	+44	-156	-200
Independent Sector Price rises	0	+175	+175
Unsociable Hours / Red Book Buy Out	0	+218	+218
Less use of equal pay reserve	0	-218	-218
Trainee allowances	+80	+120	+40
Capital financing	-525	-850	-325
Custodian Properties	0	+250	250
Right to Buy Receipts	+77	+77	0
Trading Services - surpluses	+250	+250	0
Ex Trading Services – non trading costs	+8	-25	-33
Local Elections	0	+120	+120
Designated Authority	-40	-40	0
Environment Agency	+19	+19	0
River Tees Port Authority	+24	+24	0

## OPTION APPRAISAL/ RISK ASSESSMENT

67. Not applicable to this report.

## FINANCIAL LEGAL AND WARD IMPLICATIONS

68. A net budget saving of (-£168,000) is forecast within general fund services for the year as summarised below:

	£,000s
Children, Families and Learning	0
Social Care	-12
Environment	+134
Regeneration	+57
Corporate Services	-311
Corporate Costs and provisions	-36
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	-168

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

	General Fund £000s	Back Dated RSG £000s	Lane Rental Income £000s
<b>Opening Balance</b>	5,740	2,459	444

Add/less			
Forecast Net Savings	168		
Less			
Used in 2007/2008	747		236
<b>Estimated Balance as at 31<sup>st</sup> March 2008</b>	<b>5,161</b>	<b>2,459</b>	<b>208</b>

## RECOMMENDATIONS

70. 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 applications 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 13<sup>th</sup> February 2007
- 2006/2007 – 2010/2011 Medium Term Financial Plan: Executive Report 19<sup>th</sup> December 2006
- 1<sup>st</sup> Quarter Revenue Budget Outturn Report 2007/2008: Executive 18<sup>th</sup> September 2007.

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