



**AGENDA ITEM: 3**

## **OVERVIEW & SCRUTINY BOARD**

**DATE: 03 December 2008**

**2<sup>nd</sup> Quarter Revenue Projected Outturn**

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### **PURPOSE OF THE REPORT**

1. To present to Overview and Scrutiny Board an estimate of the annual Projected Outturn for 2008/2009 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 2008 set its revenue budget at £126.3 million for 2008/2009. A Council Tax increase of 4.9% for Middlesbrough Council was applied.
3. In setting the 2008/2009 budget, approximately £4.5 million of efficiency savings were identified. The Council approved an extra £5.1 million for key services; including:
  - £0.8m for Children, Families and learning
  - £3.4m for Social Care for older people and disadvantaged groups
  - £0.6m for investment in the Environment
  - £0.3m for new investments £1.9m for Vulnerable Adults and children
4. The projected outturn position for 2008/2009 is a net budget pressure of (+£974,000). This represents a 0.8% pressure against the £126.3m 2008/2009 budget. The projected outturn position is summarised below:

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Children, Families and Learning	715	1,567	852
Social Care	2	-7	-9
Environment	630	85	-545
Regeneration	0	-80	-80
Corporate Services	-242	-444	-202
Central Costs and Provisions	-83	-147	-64
<b>Total</b>	<b>1,022</b>	<b>974</b>	<b>-48</b>

A detailed breakdown of gross expenditure and income budgets against projected expenditure and income outturns are contained in Appendix A

### Children, Families and Learning: (+£1,567,000)

5. The service predicts a net budget pressure of (+£1,567,000) at the end of the 2nd quarter. The projected outturn position is summarised below: -

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Commissioning & Resources	87	294	207
School Improvement	-40	-63	-23
Pupil Support	5	-63	-68
Community Education	44	39	-5
Strategic management	0	0	0
Family Services	619	1,360	741
Individual School Budget	0	0	0
DSG Services	0	0	0
DSG Grant	0	0	0
<b>Total</b>	<b>715</b>	<b>1,567</b>	<b>852</b>

- 6 **Commissioning and Resources: (+£294,000)** The budget for matched funding of Standards Fund projects was temporarily reduced in order to find savings that were originally due to be met through service reviews and streamlining Additional Service Provisions (ASPs). It also provided funding to cover the shortfall on the Common Assessment Framework (CAF) service when Local Area Agreement (LAA) support expired. This has resulted in a pressure of (+£309,000). Plans for restructuring and service reviews have not been sufficiently advanced to deliver planned savings targets. Standards Fund matched funding will be reinstated once the planned saving targets have been achieved. This has been taken into account in the senior management team's plans to identify further in-year savings to try to reduce the overall projected overspend. Net savings across ICT unit,

Commissioning and Complaints and Accommodation and Admissions amount to (-£15,000) as a result of staffing savings.

7. Catering Services budget is showing significant pressures as a result of average annual inflationary increase of 12.5%. The Schools Management Forum has allocated £360,000 from the Dedicated Schools Grant (DSG) carry forward to offset the pressure on the catering service. This contribution is for one year only. This subsidy of £360,000 will reduce the overall pressure to £111,000. A contribution from the Working Neighbourhood Fund is being sought of £111,000 to negate the overall pressure. This funding is awaiting Council approval.
8. **School Improvement: (-£63,000)** The retirement of a Senior Adviser and departure of another will result in a salary saving of (-£67,000). This saving will be offset by additional salary costs of (+£4,000) for temporary cover needed within this area to ensure service delivery.
9. **Pupil Support: (+£63,000)** The Child Protection service has been running “twilight” training sessions and as a result does not need to provide supply cover to schools. Savings of (-£5,000) are anticipated from the supply budget. There will be a pressure of (+£26,000) on the ASP recharges budget reduction. Negotiations are in progress to address this issue in 2009/2010.
10. An additional £150,000 was provided for the changes in free home to school transport. However the take up has been limited so far and a projected saving of (-£125,000) is forecast. This saving is offset by the increase in contract costs as a result of fuel prices (+£25,000) and increased demand across the whole of the service (+£25,000).
11. There is a pressure on the Attendance & Behaviour Support Team of (+£72,000) due to the under-recovery of school buy backs. Staff savings and the recharge of salaries to grants will produce a saving of (-£62,000). The behaviour support element of this team is included within the Dedicated Schools Grant; this is 60% of the total service costs. There will a saving of (-£13,000) from combining the Middlesbrough’s Parent Partnership officer role with the Choice Adviser role funded by an Area Based Grant
12. **Community Education: (+£40,000)** A shortfall in income within this budget is expected to produce a pressure of (+£40,000). Negotiations have been held with a group of external partners who have agreed in principle to subsidise the Nautical Studies Unit. The refurbishment of some areas of Stainsacre has resulted in a shortfall in income and an increase in utility and fuel oil charges has contributed to a pressure of (+£15,000).
13. There is an issue regarding recharges to Whinney Banks and Newport Youth Centre Management Committees for overtime worked by caretakers in the youth centres during the period 2001 to 2004. A pressure of (+£20,000) is anticipated as a result. The Connexions service area has identified savings of (-£36,000) from savings on salaries (-£26,000), car mileage (-£5,000) and telephone rental (-£5,000).

14. **Family Services: (+£1,360,000)** The use of Agency Social Work staff to cover vacancies within several of the Locality Teams and increased expenditure on transport is resulting in a pressure of (+£295,000) on the Assessment and Care Management budget. This pressure has been partially offset by staff vacancies of (-£67,000). Additional premises related expenditure has been incurred in relation to movement of staff and the need for increased accessibility to buildings, this pressure totals (+£20,000). ASP savings of (-£20,000) are forecast.
15. Home Support Services are predicting a net pressure of (+£20,000). This is due to increased demand (+£45,500) offset by Carers Grant of (-£25,500). Child & Adolescent Mental Health Service (CAMHS) Grant of (-£108,000) is available to support services within the overall Family Services area.
16. The Children Looked After budget is projecting a net pressure of (+£956,000). This comprises a pressure of (+£43,000) on In house fostering due to the higher number of children being placed in the in-house service. There is projected pressure of (+£78,000) for the Agency Fostering Service despite significant movements over the last three months.
17. The anticipated transfer of two children from residential placements to agency placements resulted in the Residential Placements budget being reduced at the budget setting time by £164,000. The children have been successfully moved but between the budget setting exercise and the end of the 2007/2008 financial year there were an additional six children placed in residential establishments. A further 7 children have been placed in residential care and there is a potential cost for a family of 6 siblings recently moved in the area, resulting in a pressure of (+£835,000). As a demand led area it is difficult to predict the numbers of children who will be placed in this service. The service monitoring and modelling system and processes are being reviewed.
18. A reduction in grant income relating to the parental support advisory service, which is one of the services provided from within the Family Resource Team has resulted in a pressure of (+£188,000). Work is currently on going to identify other grants that could be applied for to be able to bridge the gap in this budget
19. Increased demand on section 17 payments across Family Support Services may result in a year-end pressure of (+£98,000). The majority of the increased demand is in relation to the Council's statutory duty to fund the travel of parents and family to visit children placed with foster carers who live out of the Tees Valley area. A review of the system for agreeing section 17 payments is underway.
20. There is an expected pressure of (+£25,000) pressure on the playgroup budget because of the number of playgroup placements and referrals from Sure Start. The pressures are offset by commercial rental income of (-£13,000) for the West Lane Day Nursery. Adoption services has a pressure of (+£84,000) due to an increase in demand and overall costs. Net staffing savings of (-£136,000) have been identified within the Sure Start area.
21. A breakdown of the service efficiency savings are detailed in Appendix B

22. An update as to Children Families & Learning actions required from quarter one budget clinic are summarised in Appendix C.

**Social Care: (-£7,000)**

23. The service predicts a net budget saving (-£7,000).

	<b>Estimated Qtr 1 Outturn £'000s</b>	<b>Estimated Qtr 2 Outturn £'000s</b>	<b>Variance £'000s</b>
Older people	334	466	132
Older people with Mental Health	22	-153	-175
Physical disability / Sensory Impairment	97	153	56
Learning Disabilities	30	-142	-172
Mental Health	-93	-145	-52
Other Adults Services	-3	-4	-1
Adults Holding Accounts	-7	-8	-1
Asylum Seekers	0	21	21
Ayresome Industries	0	85	85
Personal Care	-4	-162	-158
Supporting People	0	0	0
Performance & Modernisation	54	35	-19
Service Strategy	3	4	1
Street Wardens	-7	0	7
Registrars	19	15	-4
Social Care Demand Led Provision	-443	-172	271
<b>Total</b>	<b>2</b>	<b>-7</b>	<b>-9</b>

24. **Older People: (+£312,000)** A pressure of (+£125,000) is forecast on Elderly residential budgets. This is because of demand led pressures brought about by an increase of 9 service users since the budget was set partially offset by a reduction in payments to Anchor Housing.
25. Carelink budgets are expected to overspend by (+£156,000). The level of income receivable from outside bodies is currently lower than budgeted for (+£100,000) and there is also a further pressure following the re-evaluation of staffing grades (+£45,000).
26. Unbudgeted security costs of (+75,000) are being incurred in order to keep the Levick House site secure. A further pressure of (+£35,000) is projected due to an increase of 9 direct payment packages in the second quarter of the year.
27. Net pressures totalling (+£23,000) are anticipated on Older Nursing Agency budgets. There has been a net increase of 2 service users in quarter two at an additional estimated cost of (+£26,000) and a further pressure of (+£47,000) is forecast due to the non-achievement of efficiency savings in relation to Nursing Band Payments. This arises as legal advice has been received that the service must pass increases in payments to providers. These pressures are partly offset by additional income from charges to service users (-£30,000) and lower than budgeted unit costs for placements (-£21,000).

28. An increase in demand is expected to result in a budgetary pressure of (+£20,000) on Older Nursing Short Stay costs. These pressures are partially offset by savings of (-£19,000) due to the cessation of laundry services at the end of September.
29. Savings of (-£138,000) are projected on Older People Mental Health residential budgets due a net reduction of 9 service users. Additional savings of (-£19,000) are projected on Hazeldene Day Centre costs. An increase of 3 Direct Payment packages has resulted in a pressure of (+£15,000)
30. **Physical Disabilities: (+£154,000)** A net pressure of (+£72,000) is forecast on Equipment and Adaptations due to increased demand. A pressure is also expected on Services for Sensory Loss costs (+£53,000). This arises out of increased costs associated with the service provided by Redcar & Cleveland Council. Negotiations regarding the increase are ongoing. Additional pressures of (+£40,000) on nursing budgets and (+£37,000) on respite care are projected due to an increase in demand and a budgeted efficiency saving not being achieved. These are partly offset by a reduction in demand and staff savings of (-£30,000) at the Lansdowne Day Centre.
31. **Learning Disabilities: (-£142,000)** A saving is predicted on residential costs due to additional income from outside bodies for care packages and a charge to the PCT backdated to 2005 for a S117 package (-£161,000). Additional income from within the Community Inclusion Team, Independent Supporting Living and Forensic Team budgets will result in projected savings of (-£58,000). A net saving of (-£18,000) is currently projected on Direct Payment costs. Additional savings of (-£36,000) are projected as a result of vacant posts within the Learning Disability Progress Team and at St Paul's Road. These are partially offset by a pressure of (+£69,000) from an increase of 3 service users and increased demand at the Learning Disability Centre (+£51,000).
32. **Mental Health: (-145,000).** Savings on staffing of (-£78,000) are projected on the Community Mental Health Team budget and the Mental Health Community Support Team budget (-£11,000). Savings are also forecast for Independent Supporting Living schemes (-£30,000) as a result of the receipt of income from the PCT relating to 2007/08. Saving are forecast on the Sunningdale budgets of (-£60,000) and the purchased Community Support costs (-£14,000) primarily due to additional income.
33. The cost of Section 117 reviews that are not eligible for Supporting People funding will have to be met from the mainstream resources. A budgetary pressure of (+£46,000) is projected as a result. An increase of 1 service user in Mental Health residential care has resulted in a projected pressure of (+£12,000).
34. **Asylum Seekers: (+£20,000)** Costs associated with failed Asylum seekers are projected to result in pressure of (+£20,000).
35. **Ayresome Industries: (+£85,000)** The current economic downturn is having an impact on sales and a trading loss of £85,000 is projected for the year. This cost will be absorbed within the service's overall outturn position.

36. **Personal Care: (-£165,000)** The number of hours of purchased Personal Care is running at a lower level than originally anticipated. This together with increased PCT/Client income is producing a saving of (-£251,000). This saving is partly offset by a pressure of (+£90,000) on the Direct Payments management fee.
37. **Home Care: (+£4,000)** Contractual issues associated with Single Status negotiations have given rise to a projected budget pressure of (+£93,000) on Rapid Response Team costs. Pressures are also forecast on the Independence Team budget (+£29,000) primarily because the abatement target for staff turnover is unlikely to be achieved. The above pressures are partly offset by projected savings of (-£114,000) on Home Care Management costs. This is mainly due to the receipt of additional income from the PCT including one-off income for a service user back dated to 2002.
38. **Adult Holding Accounts: (-£8,000)** The Social Care Reform specific grant has been provided by central government to fund the implementation of the Putting People First agenda over the three year strategy period. It is proposed to carry forward the unspent grant of £150,000 from 2008/09 into 2009/10. It is also proposed to carry forward the unspent Workforce grant of £22,000 for the Modern Apprenticeship scheme, which is part of the Mayor's Youth agenda. Any agreement to carry forward will be subject to the Councils overall Financial position at 31 March 2009
39. **Performance & Modernisation: (+£35,000).** A review of the provision of transportation services in Social Care was expected to generate budgeted savings in 2008/09. The review is on-going and a budget pressure of (+£49,000) is forecast. This is partially offset by staff savings within the User/ Carer support team (-£14,000).
40. **Registrars: (+£19,000)** Pressures are forecast on the Registrar's equipment budget due to a number of one-off refurbishment costs.
41. **Demand led Budgets:** The Social Care has set aside a provision of £713,000 to cover increases in demand across the service. Pressures based on the current level of demand for the financial year are projected to total £693,000.
42. A breakdown of the service efficiency savings is detailed in Appendix B. An update as to Social Care Actions required from quarter one budget clinic are summarised in Appendix C.

## Environment and Neighbourhood Services: (+£85,000)

43. The service predicts a net budget pressure of (+£85,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	Qtr 1 Outturn £'000s	Qtr 2 Outturn £'000s	Variance £'000s
Transport & Design	67	-86	-153
Community Protection	151	6	-145
Streetscene – Revenue Funded	166	120	-46
Executive Director	0	0	0
Streetscene – Trading	246	45	-201
<b>Total</b>	<b>630</b>	<b>85</b>	<b>-545</b>

44. **Transport & Design: (-£86,000)** A saving of (-£25,000) is currently being projected within the Highways and Engineering Services. There is saving on insurance costs of (-£145,000) which is partly offset by a pressure of (+£45,000) from additional work required by the Intervention Team. There is a projected net over achievement of (-£50,000) against the Gershon target in respect of abandoned shopping trolleys. This is partly offset by an unachievable Gershon savings of (+£20,000) relating to income from road closures by external bodies and increased road closures for cleansing purposes.
45. Additional pressures within the service are (+£70,000) on Street lighting Maintenance costs, (+£20,000) to cover the cost of replacement and damaged Christmas lights. There is a (+£15,000) pressure relating to the reduced income from the Transporter Bridge. Negotiations are underway with the contractor to mitigate the impact of this pressure. Salary savings amount to (-£20,000) on the Management and Highways budget.
46. Parking Solutions is projecting a shortfall in income of (+£30,000) primarily due to the general economic climate. The level of income over the Christmas period will be reviewed. This pressure is partly offset by (-£10,000) salary savings. Additional (+£20,000) insurance costs within Parking Solutions are being met by insurance savings from elsewhere within the service
47. These pressures are offset by a saving of (-£120,000) on staffing and running costs within Road Safety, School Crossing Patrols and Management & Administration service area. This is offset by a (+£25,000) contribution to Shopmobility.
48. Savings on salaries within Transport and Policy amount to (-£58,000). These have been offset by an un-achieved Gershon saving of (+£72,000) in relation to the Bus Station. A full review of the Bus Station operation is in progress.



49. **Community Protection: (+£6,000)** Continued poor attendance at North Ormesby Market (£+20,000) is an ongoing concern. There are staffing savings within Community Safety (-£50,000) and Food Safety (-£8,000). Additional income of (-£10,000) in relation to the Metz Bridge Travelers site is projected.
50. The Southlands Centre is currently closed as the theatre hall floor is being replaced. It is projected that this closure will result in a (+£30,000) loss of income. All efforts will be made to minimise costs during the closure period to offset the loss of income. A similar situation will occur at the Rainbow Centre with an estimated (+£40,000) loss of income. Income levels at the Golf Centre are of concern.
51. The service has secured funding from the PCT of (-£90,000) in respect of Free swimming Initiative and a contribution of (-£21,000) towards the cost of the Tees Pride 10K and PCT fun run. In addition there is a projected surplus on the 10K Road Race due to increased income and reduced costs.
52. **Streetscene: (+£120,000).** Waste Services has a predicted pressure of (+£110,000) comprising (+£140,000) on the Waste Collection fuel budget and (+£70,000) on support service charges and (+£30,000) from the delay in the implementation of the new collection rounds. A number of measures are currently being put in place to address £130,000 of this pressure. These include delays in filling vacancies and a reduction in supplies and services costs. There is a pressure of (+£10,000) on the budget of Centre Square due to higher than expected maintenance, water and electricity charges for the water feature.
53. **Streetscene Trading (+£45,000).** Area Care is projecting a trading deficit of (+£45,000). The primarily relates to support services charges. A trading deficit of (+£45,000) on Building Works is offset by a (-£17,500) surplus on Building Cleaning and (-£27,500) on Building Security.
54. The pressure of (+£165,000) on Fleet Services from providing the transport for Social Care is to be funded from the Change Fund.
55. A breakdown of the service efficiency savings is detailed in Appendix B. An update as to the Environment Actions required from the quarter one budget clinic are summarised in Appendix C.

Regeneration: (-£80,000)

56. The service predicts a net budget saving (-£80,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Planning & Regeneration	36	0	-36
Cultural Services	-9	0	9
Economic & Community Regeneration	0	-103	-103
Libraries	0	-15	-15
Executive Director	0	0	0
Museums	30	38	8
Planning Delivery Grant	-57	0	57
<b>Total</b>	<b>0</b>	<b>-80</b>	<b>-80</b>

57. **Planning and Regeneration: (Nil).** The reduction of fee income in Development Control (+£22,000) and in Building Control (+£19,000) have been offset by the use of (-£41,000) of Housing Planning Delivery Grant.
58. There is an anticipated pressure of (+£6,000) on the efficiency target related to Joint Working arrangements with Redcar & Cleveland Council. Discussions are still ongoing and a report will be taken to each authority's Executive. It has not been agreed when the arrangement will start or if it will be introduced in interim stages.
59. In December 2007, the Government announced a three-year homelessness grant allocations which would allow an objective approach to tackling homelessness issues in future years. The homelessness grant is used to help meet the national target to halve families in temporary accommodation by 2010. The unspent grant allocation of £20,000 in 2008/09 is proposed to be carried forward into 2009/10.
60. **Cultural Services: (Nil).** There are projected staffing savings of (-£50,000) within the service. This is offset by a pressure of (+£41,000) on the events programming budget due to a rise in infrastructure costs for the Music Live event, a shortfall in contributions from one of the event's business partners and a shortfall of income generated from the bars and catering franchises. An efficiency target at the Tourist Information Centre will not be achieved which will result in a pressure.
61. **Economic & Community Regeneration: (£103,000)** Net savings on staffing for Economic Development and support of (-£107,000) and the Town Centre Team amount to (-£33,000). Projected savings on the Residual Town Centre budget are projected to be (-£40,000).
62. There is an anticipated under achievement of income of (+£55,000) at the Enterprise Centre caused by businesses relocating and a reduction in the number of re-lets. Economic and Community Regeneration efficiency targets are estimated to fall short of the overall target by (+£23,000) in 2008/2009.
63. **Libraries: (+£15,000)** Staffing savings of (-£23,000) are forecast, which will be offset by an under-achievement of income of (+£8,000).

64. **Museums: (+£38,000)** Although regular bookings for corporate hires of Mima are being received there is an anticipated pressure of (+£20,000) on the annual income target of £40,000. An additional pressure of (+£8,000) on supplies and services has been identified.
65. There is a pressure on the Mima exhibitions budget of (+£5,000). Officers are looking at ways to address the pressure by either securing additional external funding or reducing expenditure. The Dorman Museum budget is projecting a pressure of (+5,000), primarily due to casual staffing costs.
66. A breakdown of the service efficiency savings is detailed in Appendix B. An update on action require from quarter one budget clinic are summarised in Appendix C

**Corporate Services: (-£444,000)**

67. The service predicts a net budget saving of (-£444,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	<b>Estimated Qtr 1 Outturn £'000s</b>	<b>Estimated Qtr 2 Outturn £'000s</b>	<b>Variance £'000s</b>
Legal & Democratic Services	-129	-153	-24
Strategic Resources	-173	-408	-235
Performance & Policy	-30	27	57
Corporate Services Recharges	90	90	0
<b>Total</b>	<b>-242</b>	<b>-444</b>	<b>-202</b>

**Legal & Democratic Services: (-£153,000)**

68. There are projected staffing savings in Senior Management (-£18,000), Common Law (-£25,000), Welfare (-£28,000), which are partly offset by a projected pressure of (+£34,000) on General Services budgets as a consequence of the rising cost of essential Law books. These savings will be partly offset by an expected reduction in income of (+£30,000) on legal work for land sales.
69. Savings of (-£41,000) are predicted on Members' basic and special responsibility allowances, as current allocations are lower than the budgeted level and on members expenses of (-£35,000)
70. There are staffing savings on Resource Team (-£14,000) and Electoral Registration (-£24,000). Additional savings of (-£20,000) on members Development and (-£17,000) on Speaker and Civic budgets are forecast.
71. A net pressure of (+£7,000) is projected on the Coroner's budget mainly due to an increase in rent charges from the Law Courts.

### **Strategic Resources: (-£408,000)**

72. The level of recovery of overpayments Housing Benefits is forecast to exceed the budgeted target by (-£165,000) and Council Tax Benefit overpayment recovery is projected at (-£35,000). There are also projected savings on staff costs (-£18,000) within the Benefits Team. A further saving has arisen from the receipt of additional Housing Subsidy income of (-£29,000). Savings of (-£26,000) are projected on the Council Tax budgets due to the success of Allpay replacing the Erimus for collection of cash across the town.
73. Savings of (-£32,000) are projected on the Loans & Investment Section as a result of a member of staff working reduced hours and a small saving is expected on the cost of bank charges. On-going recruitment difficulties and the resultant need to recruit agency staff on short-term contracts will result in a net pressure of (+£78,000) on Internal Audit.
74. A reduction in hours for a member of staff and the transfer of resources from the Mouchel Partnership budget is expected to give rise to a saving of (-£35,000) on Asset Management costs. Further savings on staffing costs are forecast on the Strategic Accountants (-£13,000) and Value for Money Team (-£12,000).
75. Commercial Property rental income is projected to exceed budget by (-£100,000) The Council is still waiting for confirmation from GONE that they are willing to write off all potential urban programme repayments. If confirmation is received, the Council will have an additional (-£136,000) to reinvest.
76. A saving of (-£16,000) is forecast on the Strategic Commissioning unit staff budgets.

### **Performance & Policy: (+£27,000)**

77. Savings of (-£84,000) are forecast on the Performance and Policy staffing budgets There is a pressure of (+£129,000) on printing costs (+£44,000) and Hired & Contracted services (+£36,000).
78. It is intended to create a provision towards meeting potential European grant repayments totalling (+£27,000) for the Middlesbrough Neighbourhood Assessment and Middlesbrough Community Appraisals projects.

### **Corporate Services Recharges: (+£90,000)**

79. Income from support service recharges to trading services and outside bodies is expected to be £90,000 less than the budgeted level.
80. A breakdown of the efficiency savings is detailed in Appendix B. An update on action require from quarter one budget clinic are summarised in Appendix C

## Central Costs and Provisions: (-£147,000)

81. Central Costs and Provisions predict a net budget saving of (-£147,000) at the end of the 2nd quarter. The Projected Outturn position and the projection variance are summarised below:

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Pay & Prices	-419	-258	161
Job Evaluation	0	0	0
Capital Financing	0	0	0
Custodian Properties	-100	0	100
Right to Buy Receipts	732	753	21
Ex Trading Services	-104	-196	-92
Designated Authority Costs	0	-24	-24
Other	0	-225	-225
Unfunded Pensions	-192	-197	-5
<b>Total</b>	<b>-83</b>	<b>-147</b>	<b>-64</b>

## 82. Efficiency Savings

The Council has embedded within its budget monitoring procedures reporting on efficiency savings. The Council is projected to under achieve its efficiency savings target by (+£392,000). The table below summaries the Projected Outturn position:

	Target £000's	Outturn £000's	Variance £000's
Children, Families and Learning	1,602	1,260	342
Social Care	1,134	1,045	89
Environment	860	931	-71
Regeneration	173	96	77
Corporate Services	677	722	-45
<b>Total Savings</b>	<b>4,446</b>	<b>4,054</b>	<b>392</b>

83. **Service Reviews:** Services were requested to identify areas for future review as part of the 2008/2009 budget setting exercise and a list of proposed reviews was presented to Executive in January 2008. It is important that these reviews are undertaken during 2008/2009 to assist in addressing the significant budget pressures the Council will need to deal with in future years. The progress across the services has been mixed, some major reviews have still to be started, and other reviews are progressing well.

84. The change programme fund provides the resources to meet the one-off costs necessary to implement service reviews. To date the Council has set aside a sum of £3.6 million to meet these costs and has committed £1.401 millions so far. The following projects are to be added to the change programme during 2008/2009.

Service	Project	Cost £000's
Environment	Waste Collection Round Review	20
Environment	Waste Review implementation costs	30
Environment	Transport Review - Transitional Costs	165
Social Care	Transport Review - Implementation costs	218
<b>Total Savings</b>		<b>433</b>

### Balance Sheet Management

85. **Reserves / Provisions:** The table below summaries the projected movements on reserves and provisions for 2008/2009. A detailed breakdown of the movements is shown in Appendix E - Reserves and Appendix F - Provisions.

	31 March 2007 £'000s	Receipts in Year £'000s	Payments in Year £'000s	31 March 2008 £'000s
School Reserves	5,579	0	0	5,579
Investment Reserves	1,131	0	0	1,131
Specific Revenue Reserves	11,372	160 -	4,864	6,668
Provisions	7,706	344 -	3,304	4,746
<b>Total</b>	<b>25,788</b>	<b>504 -</b>	<b>8,168</b>	<b>18,124</b>

86. **Bad Debt Provision:** The Council has developed its budget monitoring process to incorporate Balance sheet management items including reporting on the aged debt across each service and the impact this may have on service budgets and bad debt provision. The table below summaries the projected outturn position: -

	Bad Debt Provision 31/03/2008 £000's	Projected Bad Debt Provision 31/03/2009 £000's	Projected Increase / Decrease £000's
Children, Families and Learning	224	220	-4
Social Care	626	612	-14
Environment	417	404	-13
Regeneration	313	314	1
Corporate Services	291	303	12
<b>Total Bad Debt Provision</b>	<b>1,871</b>	<b>1,853</b>	<b>-18</b>

87. **Sale of Assets (losses/Gains):** There were three assets disposed of in the 2nd quarter of 2008/2009:

<b>ASSET</b>	<b>Net Gain or Loss</b>
Trinity Crescent – Haslam Homes	£0
Riverside Park – former Newbolds Site	Gain of £214,000
Victoria Street Car Park	£0

## **OPTION APPRAISAL / RISK ASSESSMENT**

88. Not applicable to this report.

## **FINANCIAL, LEGAL AND WARD IMPLICATIONS**

89. A net budget pressure of (+£974,000) is forecast within general fund services for the year as summarised below:-

	<b>Projected Outturn £000s</b>
Children, Families and Learning	1567
Social Care	-7
Environment	85
Regeneration	-80
Corporate Services	-444
Central Costs and Provisions	-147
<b>Net Contribution to Balances: -</b>	<b>974</b>

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

	<b>General Fund £000's</b>	<b>Lane Rental Income £000's</b>
<b>Opening Balance</b>	5,477	208
Add		
Forecast net pressure	974	
<b>Less:</b>		
Used in 2008/2009		-208
<b>Estimated Balances 31st March 2008</b>	<b>4,503</b>	<b>0</b>

## **RECOMMENDATIONS**

91. 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

- 2008/2009 Revenue Budget Executive Report 7<sup>th</sup> March 2008
- 2008/2009 Council Tax Report : Council 7<sup>th</sup> March 2008
- 2008/2009 – 2011/2012 Medium Term Financial Plan: Executive Report 8<sup>th</sup> January 2008
- Quarter One Consolidated Revenue Budget Projected Outturn 18<sup>th</sup> August 2008

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