

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 3 December 2008.

PRESENT: Councillor Brunton (Chair), Councillors Dunne (as substitute for Councillor Dryden), C Hobson, J Hobson, Ismail, Khan, McPartland (as substitute for Councillor Cole), Purvis, J A Walker and Williams.

OFFICERS: B Baldam, J Bennington, G Brown, P Clark, A Crawford, J Ord, K Robinson, P Slocombe and E Williamson.

**** PRESENT BY INVITATION:** Councillor N J Walker (Executive Member for Resources).

**** PRESENT AS AN OBSERVER:** G Gallagher (Chief Accountant, Mouchel Business Services).

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Cole, Cox, Dryden, Mawston and Sanderson.

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

SECOND QUARTER - REVENUE BUDGET PROJECTED OUTTURN

The Director of Resources presented a report on an estimate of the annual projected outturn for 2008/2009 based on the second quarter review of revenue expenditure against the current year's Revenue Budget.

The Council at its meeting held on 7 March 2008 set its revenue budget at £126.3 million for 2008/2009. A Council tax increase of 4.9% for Middlesbrough Council had been applied. In setting the 2008/2009 budget, approximately £4.5 million of efficiency savings had been identified (Appendix B). The Council had 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 and £1.9m for vulnerable adults and children.

The projected outturn position for 2008/2009 was reported as a net budget pressure of (+£974,000) which represented a 0.8% pressure against the £126.3million 2008/2009 budget. Although progress had been made in certain areas the Board was advised of additional spending pressures with particular regard to Children, Families and Learning.

A summary was provided of the overall projected outturn position and an indication given of the action to be taken in order to mitigate the identified budget pressures. The Board's attention was drawn to a number of areas as outlined in the report in respect of the following: -

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

Catering Services:

Reference was made to significant pressures as a result of average annual inflationary increase of 12.5%. It was noted that in accordance with the Council's budget strategy for one year only the Schools Management Forum had allocated £360,000 from the Dedicated Schools Grant (DSG) carry forward to offset the pressure on the catering service. In addition a contribution from the Working Neighbourhood Fund was being sought for the remaining £111,000 to negate the overall pressure. It was noted that the Catering Service was the subject of a fundamental review.

In accordance with current procedures the Board was advised that £200,000 of the LEA element of the DSG underspend from 2007/2008 would be partly funding the £360,000.

Family Services (+£1,360,000):

- a significant pressure related to in house fostering owing to a high number of children being placed in such a service;
- reference was also made to the demand led pressure relating to the Agency Fostering Service despite significant movements over the last three months;
- it was hoped that the revised payments for Foster Carers would assist with recruitment and thus reduce the need to use the Agency Fostering Service although the impact of such measures following training and assessment would take some time;
- specific reference was made to a potential cost for a family of six siblings recently moved in the area resulting in a pressure of £835,000;
- reference was also made to increased demand on section 17 payments across Family Support Services which may result in a year-end pressure of +£98,000

Social Care (-£7,000):

- it was confirmed that a net budget saving of £7,000 was predicted;
- reference was made to budget pressures of demand led services such as Elderly residential budgets;
- other pressures related to Carelink budgets and Older Nursing Agency budgets;
- in terms of the demand led budgets Social Care had set aside a provision of £713,000 to cover increases in demand across the service;

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

- an indication was given of significant changes since the previous report in respect of the first quarter but it was noted that the service was likely to be in budget at the end of the financial year;

Streetscene (+£120,000):

- confirmation was given that a number of measures were currently being pursued to address the predicted pressure of +£110,00 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;
- specific reference was made to the service securing funding from Middlesbrough Primary Care Trust of £90,000 in respect of Free swimming initiative and that an additional £23,000 had been awarded in this regard;

Regeneration (-£80,000):

Cultural Services:

- specific reference was made to projected staffing savings of (-£50,000) offset by a pressure of (+£41,000) on the events programming budget owing 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;

Corporate Services (- £444,000):

- specific reference was made to the level of recovery of overpayments which for Housing Benefits was forecast to exceed the budgeted target by (-£165,000) and Council Tax Benefit overpayment recovery was projected at (-£35,000);
- reference was also made to savings of (-£26,000) projected on the Council Tax budgets owing to the success of Allpay replacing Erimus for collection of cash across the Town;
- in commenting on the success of Allpay it was noted that the possibility of expanding the number of outlets thus making it even easier to make payments was currently being examined.

Members sought clarification on a number of areas in particular the action being taken to mitigate some of the identified pressures as outlined in Appendix C of the report submitted.

The main areas identified during the ensuing discussion included the following: -

- a) in response to a Members' query as to the likely financial position at the end of the current financial year the Director of Resources reaffirmed the action to be taken to negate the identified pressures to hopefully ensure that service areas remained in budget but gave an indication of the difficulties especially in terms of the demand led pressure areas such as the Children Looked After budget;
- b) in response to clarification sought on the extent of the ongoing budget pressure in respect of the catering budget the Director of Resources confirmed that inflation costs had been taken into account in the Medium Term Financial Plan and reiterated that the area was the subject of a fundamental review and indicated that the overall figures were likely to reduce;
- c) confirmation was given that robust negotiations were currently being undertaken with Redcar & Cleveland Council regarding the higher than expected increased costs associated with the provision of the services for Sensory Loss;
- d) Members reiterated their support of the Allpay system in particular the ability to pay at Post Offices and noted that improvements to the IT systems in recent years had allowed the development of a quicker and seamless operation with the Council systems;
- e) in commenting on the ongoing recruitment difficulties in respect of the Internal Audit and need to use agency staff the Director of Resources reported on progress of the current review and confirmed that the consultation process was likely to be concluded by the end of January 2009 and a report outlining the options submitted to Members early in the next financial year;
- f) confirmation was given that the potential additional figure of £136,000 referred to in respect of commercial property rental income to reinvest was a one-off amount';
- g) Members requested that Officers ensure that the statistical information provided in the covering budget report corresponds with the respective information in the charts provided in the appendices.

ORDERED as follows: -

1. That the information provided be noted including the ongoing work and proposed action plans.
2. That further detailed information be provided directly to Members in respect of the following: -
 - a) a breakdown of the Dedicated Schools Grant on the LEA element.
 - b) Southlands Centre and Rainbow Centre;

- c) Music Live event in respect of the income generated from the bars and catering franchises;
- d) a breakdown of the figures in relation to the Loans and Investment Section.

SECOND QUARTER – CAPITAL MONITORING AND REVIEW

In a report of the Director of Resources the Board was advised of the latest position in respect of the Council's capital programme (2008/2009 to 2012/2013) for which a fundamental review was undertaken approximately every five years. The last review of the capital programme had been a fundamental review in July 2008 when the Executive had agreed to a number of new starts over the next five years, as additional capital resources had become available.

The capital programme had an agreed time line to 2012/2013 and a gross programme of expenditure of £322.588 millions.

Confirmation was given that the change in overall net expenditure across all schemes since the last review was a reduction of £25,000 and there was currently no call on Council wide resources required to fund any part of the capital programme.

The Board was advised however that changes in gross expenditure and resources could arise as a result of the cost of a scheme changing through either planned or unplanned additional project costs or cost reductions. The change in gross expenditure since the last review in July 2008 as shown in Appendix A of the report submitted was reported as an increase of £5.234 million. Resources had increased by £5.259 million resulting in a net difference of £25,000.

Members' attention was drawn to significant reductions to the programme in respect of: -

- a) Primary Strategy for change (£4.746 million) reduction as a result of previously overstated indicative funding allocations which had now been adjusted based on latest guidance;
- b) Quality and Access for all Young Children (£3.055 million) reduction following further guidance from DCSF indicating that that the eligible expenditure was revenue spend rather than capital.

Specific reference was made to four key changes from the existing programme resulting in significant additions to the programme in relation to the following: -

- i) Building Schools for the Future (£8.479 million) as a result of the Government's BSF initiative the Council would now receive £109.434 million in capital grant from the DCSF towards the BSF project and Government funding in relation to inflation factors and carbon reduction had now been allocated totalling £8.479 million;
- ii) Disabled Facilities Grant (£1.772 million) owing to indicative allocations being extended to 2012/2013;
- iii) Parliament Road Facelift Improvements, Working Neighbourhoods Fund (£503,000) in order to extend the facelift programme incorporating 64 premises and 54 residential properties in Parliament Road which was a main arterial route for residents in neighbouring streets and visitors to the area;
- iv) Working Neighbourhood Fund (£1.280 million) as a result of future Facelift schemes within the Housing Market Renewal Project.

The profiling of expenditure over the programme period was considered important as it needed to be realistic and achievable in terms of what could be delivered and matched with the timing of available capital resources. In overall terms it was reported that £7.911 million had been re-profiled from 2008/2009 to 2009/2010 and future years as shown in Appendix B of the report submitted.

The Board was advised of the main reasons for the changes as follows: -

- a) Ormesby Secondary All Weather Pitches scheme (£1.019 million) which was subject to re-evaluation following the BSF rebuild proposal at the School which would require a re-submission of the grant bid to the Football Foundation resulting in work now commencing at the earliest in 2009/2010 or on completion of the BSF works;
- b) Supported Capital Expenditure Formula Block Budget (£2.821 million) the majority of funding for which had been re-profiled into 2009/2010 in order to allow for project planning based on the outcome of the Primary Strategy for Change (PSfC) announcement and approval of the Middlesbrough PSfC submission although a sum of £250,000 had been retained within the current year's allocation to allow for the possibility of a number of smaller schemes to be carried out within the current financial year;
- c) Devolved formula capital block budget (£1.335 million) the majority of funding for which had been re-profiled into 2009/2010 summarised as follows:-

2008/2009 unallocated funding	£1,985,000
Ormesby All-Weather Pitches funding	-£150,000
2008/2009 schemes currently awaiting approval	-£150,000
2008/2009 funding retained for possible future projects	-£350,000
Balance of DFC funding re-profiled to 2009/2010	£1,335,000

- d) the Equal Pay programme had been re-profiled (£1.492 million) to match the estimated timing of expenditure.

The overall programme position at the quarter 2 review was shown in Appendix C of the report submitted. In overall terms there was a small decrease in the need for Council wide resources to support the capital programme of £25,000. The gross expenditure had increased from £322.588 million to £327.822 million.

In commenting on the information provided in relation to the overall programme position at the second quarter review as shown in Appendix C the Director of Resources confirmed that in future, such information would be provided in a more clear and concise manner.

The Board acknowledged that the overall position in terms of changes in gross expenditure since the last review in July 2008 reflected strong budget control of individual projects.

ORDERED that the information provided be noted.

CONSOLIDATED PERFORMANCE CLINIC APRIL TO SEPTEMBER 2008

The Corporate Performance Manager submitted a report, which provided an overview of the Council's performance for the period 1 April to 30 September 2008.

It was pointed out that the Council had well established and effective performance management processes as recognised by external auditors, a key element of which were the quarterly performance clinics. A review of the performance clinic reports had been undertaken to ensure that they were further developed to meet national performance management requirements as well as internal needs.

The report provided an overview of the Council's performance in its contribution to delivering the overarching Sustainable Community Strategy themes by providing an analysis of performance against the Strategic Priorities that underpinned the Sustainable Community Strategy themes. Table 1 of the report gave a statistical overview of performance against LAA targets and Planned Actions by Sustainable Community Strategy theme.

An evaluation was provided of the Council's contribution to delivering the Strategic Priorities that underpinned delivery of the Sustainable Community Strategy themes. Appendix A provided information of those Planned Actions, which were not meeting the target, set by Service Area. In each case information was provided of the reasons for not being on target and the action to be taken to mitigate such circumstances.

The report gave an overview of the Council's contribution to each Strategic Priority of the Community Strategy themes.

It was noted that the implementation of the National Indicator set was still proving particularly challenging with only limited amount of data being available at quarter two. Of the 290 measures, 128 (61%) had not been reported in quarter two owing to annual data, survey data not yet available and thirteen deferred indicators. Details of performance against NI's not meeting the target set were provided in Appendix A of the report. Table 2 showed performance to date by Community Strategy theme relating to indicators where data was available.

The Board was advised that the Audit Commission Guidance to the CPA 2008 framework had now been released. In 2007 the Council had achieved the highest possible CPA rating achieving four stars and a Direction of Travel score of 'Improving Strongly'. On the basis of the information that was currently available to the Council it was likely that the Council would retain its four star rating. The Audit Commission was currently undertaking work to establish the Council's Direction of Travel rating to be published in February 2009 alongside the Council's star rating.

The Council had retained 66 Best Value Performance Indicators to provide ongoing monitoring of information in key areas. Of the 47 reported this quarter, 31 (68%) were on target.

It was confirmed that the Council was undertaking a programme of reviews to ensure continuous improvement and Value for Money. The Board was advised on specific reviews, which had been completed by the second quarter.

To deliver the Council's contribution to the achievement of the Sustainable Community Strategy themes the Council had identified 191 Strategic Planned Actions for 2008/2009. The Board was advised that good progress had been made in quarter two with 168 (88%) on target to be achieved. It was noted that two had not been reported this quarter due to data not being released until later in the year.

Middlesbrough's Local Area Agreement (LAA) included 35 designated targets and 16 statutory targets relating to attainment. It was noted, however there were a number of strategic priorities where there was no designated target to measure achievement of the priority in which case a local target had been developed. For the second quarter 32 targets had been reported with 15 on target.

Members sought clarification on a number of areas including the following: -

Creating Safer Communities:

Divert young people away from crime and anti-social behaviour and reducing the vulnerability of young people to prevent them becoming victims of crime: -

- a) it was agreed that further information be provided on crime in order to more clearly substantiate the statement that Middlesbrough was shown to be generally not the worst, neither is it the best:

Neighbourhood Safety: -

- b) Members acknowledged that Middlesbrough as a Pioneer Area was likely to receive additional funding for further community engagement in crime reduction further details on which would be provided;

Supporting Young Children:

Enjoy and Achieve: -

- c) although it was acknowledged that further improvements could be made the Board welcomed the progress attained in respect of the achievement of 5+A-C grade GCSEs under the BVPI definition had increased by 6% to 60% continuing sustained improvement at Key Stage 4;

Promoting Adult Health and Well-Being – Tackling Exclusion and Promoting Equality: -

- d) although 30% of the planned actions were shown to be not on target Members were advised that they were expected to be on target at year-end;

Enhancing the Local Economy:

Housing – Ensure that the type of mix and new housing provides choice N1 154: -

- e) it was noted that the credit crunch had significantly impacted on such a measure and the target was not likely to be achieved.

ORDERED that the information provided be noted.