



AGENDA ITEM: 3

OVERVIEW & SCRUTINY BOARD

DATE: 02 March 2009

3rd Quarter Revenue Budget 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 third quarter review of revenue expenditure against the current years Revenue Budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council on the 7th 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
4. The projected outturn position for 2008/2009 is a net budget pressure of (+£269,000). This represents a 0.2% pressure against the £126.3m 2008/2009 budget. The projected outturn position is summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Children, Families and Learning	1567	1127	-440
Social Care	-7	-390	-383
Environment	85	56	-29
Regeneration	-80	-178	-98
Corporate Services	-444	-732	-288
Central Costs and Provisions	-147	386	533
Total	974	269	-705

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

5. Excluded from the provisional outturn figures are a number of requests for carry forward of grants. The grant carry forwards have been summarised in Appendix B and placed in to the following categories:
- Grant funding which if it is not carried forward will have to be repaid to the funding body;
 - Grant funding which needs to be carried forward to cover expenditure commitments already in place in 2009/2010;
 - Grant funding is currently totally uncommitted and would not be repaid.

Children, Families and Learning: (+£1,127,000)

6. The service predicts a net budget pressure of (+£1,127,000) at the end of the 3rd quarter. The projected outturn position is summarised below: -

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Commissioning & Resources	294	6	-288
School Improvement	-63	-163	-100
Pupil Support	-63	-164	-101
Community Education	39	69	30
Strategic management	0	16	16
Family Services	1,360	1,526	166
Individual School Budget	0	0	0
DSG Services	0	0	0
DSG Grant	0	0	0
Grants	0	-163	-163
Total	1,567	1,127	-440

7. **Commissioning and Resources: (+£6,000)** The budget for matched funding of Standards Fund projects was temporarily reduced in order to fund 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. At the time of setting the budget, plans for restructuring and service reviews have not been sufficiently advanced to deliver planned savings targets resulting in a pressure of (+£309,000). Sure Start Grant of (-£199,000) has been used to offset part of the CAF shortfall and ASP pressures.
8. The Catering Services budget is showing significant pressures (+£555,000) as a result of average annual inflationary increase of 12.5%. Savings have been identified of (-£147,000) from within pay budgets and a general reduction in running costs. The Schools management forum has allocated £360,000 from the Dedicated Schools Grant (DSG) carry forward to fund the pressure on the catering service. The service projects it will require £297,000 of this allocation to offset the budget pressure. This contribution is for one year only. The Working Neighbourhood Fund (WNF) has also agreed to make a contribution of (-£111,000) to negate the overall pressure.
9. A net saving of (-£49,000) is anticipated on ICT Units and Commissioning & Complaints staff budgets. There is an expected saving of (-£76,000) on Premature Retirement Costs due to prudent application of the budget. Governor Support is projecting a net saving of (-£5,000) due to increased income of (-£10,000) from clerking additional meetings within CFL, offset by increased spending on room hire for courses and on a governor recruitment drive in schools. Accommodation and Admissions are projecting a net pressure of (+£15,000) due to the extension of an ASP post from June 2008 to March 2009. The service are projecting a net pressure of (+£11,000) due to increased Insurance charges of (+£15,000) offset by a saving of (-£4,000) on printing charges.
10. **School Improvement: (-£163,000)** The retirement of a Senior Adviser and departure of another will result in a salary saving of (-£76,000). This saving will be offset by additional salary costs of (+£4,000) for temporary cover needed within this area to ensure service delivery. Additional income of (-£100,000) has been generated by the service charging a percentage for management overheads.
11. **Pupil Support: (-£164,000)** 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 (-£6,000) are anticipated from the supply budget. A reduction in the contribution required to the Barnados Bridgeway project will result in savings of (-£14,000). There will be a pressure of (+£14,000) on the ASP recharges budget reduction.
12. An additional £150,000 was provided for the changes in free home to school transport. However the take up has been limited so far, a projected saving of (-£130,000) is forecast. The service has received (-£37,000) income from the LSC that was not anticipated. This saving is offset by the increase in contract costs as a

result of fuel prices and increased demand across the whole of the service (+£35,000).

13. There is a pressure on the Attendance & Behaviour Support Team of (+£41,000) due to the under-recovery of school buy backs. Staff savings and the recharge of salaries to grants will produce a saving of (-£71,000). The behaviour support element of this team is included within the Dedicated Schools Grant; this is 60% of the total service costs leaving a saving of (-£12,000) for the service. Educational Psychologists are projecting savings of (-£3,000) as a result of income from the Unity City Academy. The Middlesbrough Parent Partnership officer post is vacant which will result in savings of (-£13,000).
14. **Community Education: (+£69,000)** A shortfall in income within the Nautical Services budget is expected to produce a pressure of (+£30,000). Negotiations are ongoing with a group of external partners to run the service. 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 (+£40,000).
15. 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 (+£35,000) is anticipated as a result. The Connexions service area has identified savings from salaries (-£26,000), car mileage (-£5,000) and telephone rental (-£5,000).
16. **Family Services: (+£1,526,000)** 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 (+£505,000) on the Assessment and Care Management budget. This pressure has been partially offset by staff vacancies of (-£63,000). Additional premises related expenditure has been incurred in relation to movement of staff and the need for increased accessibility to buildings, this pressure totals (+£30,000). Additional transport costs of (+£20,000) are anticipated which will be offset by ASP savings of (-£29,000).
17. The Children Looked After team are predicting a net pressure of (+£20,000) due to increased hours and transport costs. CAHMAS grant funding of (-£135,000) is available to support services within the overall Family Services area. Further salary savings and the use of carried forward grant to fund the Document Management Officer will result in savings of (-£71,000). However these savings are offset by the costs of agency staff to cover for long term sickness within the Review and Development unit and the cost associated with chairing of child protection cases amounting to (+£85,000) in total. A pressure of (+£9,000) is expected due to the requirement for serious cases, to be the subject of an independent review.
18. The Children Looked After budget is projecting a net pressure of (+£1,173,000). This comprises a pressure of (+£77,000) on In house fostering due to the higher number of children being placed in the in-house service and professional fee costs. There is projected pressure of (+£222,000) for the Agency Fostering Service despite significant movements over the last three months.

19. Children's Agency Residential budget has had further significant pressures since Quarter 2 increasing the overspend to (+£960,000). This is due in part to a number of children's placements now being extended to the full year. The fee negotiation for Five Rivers has now been implemented resulting in a saving of (-£6,000) against the planned budget. There will be a contribution of (-£80,000) from the Independent Schools budget. Two children have been moved to Five Rivers from mid January and it is anticipated that a further two children will also move to Five Rivers before the end of March 2009.
20. 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). Funding has been identified from Parenting grants of (-£188,000) to support the PSA service.
21. Increased demand on section 17 payments across Family Support Services may result in a year-end pressure of (+£73,000). 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.
22. There is an expected pressure of (+£12,000) 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 have a pressure of (+£110,000) due to an increase in demand and overall costs. Net staffing savings of (-£201,000) have been identified within the Sure Start area. Strategic Management budget is projecting a pressure of (+£16,000) due to expenditure above the agreed change fund provision.
23. **Grants: (-£163,000)** The service will use the anticipated savings of (-£163,000) on the ABG funding streams in 2008/09 to offset the pressures within the service.
24. **Grant Funding Carry Forward Requests:**
 - a) Young People's Substance Misuse - This funding is ring fenced for the purpose of treatment for substance misuse. It is estimated that there will be an under spend of £35,000 in 2008/09 and the service therefore requests that this be carried forward to cover non-recurring expenditure in 2009/10. The service has also been successful with a bid for additional funding of £48,000 from the PCT to carry out work relating to Substance Misuse for students in colleges within Middlesbrough. This funding is subject to it being ring fenced for the purposes of the college project in either 2008/09 or 2009/10. It is estimated that spend in 2008/09 will be £12,225 so there will be £35,775 available for 2009/10. If not carried forward then the funding will be withdrawn.
 - b) Education Health Partnership - The education health partnership runs a number of courses for teachers, nurses and youth workers linked to Healthy Schools. These courses are provided over the academic year rather than the financial year. For 2009/10 the service has committed to a number of events and courses up to August 2009, which is estimated to cost £7,000.

25. **Dedicated Schools Grant** The 2008/09 DSG grant amounted to £77,194,000. Savings of (-£124,000) have been identified from within the LEA element of DSG. It is proposed to carry the balance forward into 2009/2010 as a DSG contingency to cover uncertainties in estimating the DSG funding allocation.
26. A breakdown of the service efficiency savings are detailed in Appendix C. An update as to Children Families & Learning actions required from the quarter two budget clinic are summarised in Appendix D.

Social Care: (-£390,000)

27. The service predicts a net budget saving of (-£390,000) at the end of the 3rd quarter. The projected outturn position is summarised below: -

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Older people	466	130	-336
Older people with Mental Health	-153	0	153
Physical disability / Sensory Impairment	153	42	-111
Learning Disabilities	-142	-204	-62
Mental Health	-145	-320	-175
Other Adults Services	-4	1	5
Adults Holding Accounts	-8	-37	-29
Asylum Seekers	21	30	9
Ayresome Industries	85	108	23
Personal Care	-162	86	248
Supporting People	0	0	0
Performance & Modernisation	35	-70	-105
Service Strategy	4	3	-1
Street Wardens	0	-80	-80
Registrars	15	30	15
Ayresome Industries DDA Access	0	60	60
Social Care Demand Led Provision	-172	-169	3
Total	-7	-390	-383

28. **Older People: (+£130,000)** A net saving of (-£23,000) is forecast on Elderly residential budgets. There was a net reduction of 12 service users in quarter three.
29. Carelink budgets are expected to overspend by (+£116,000). The level of income receivable from outside bodies is currently lower than budgeted for (+£48,000) and there is also a further pressure following the re-evaluation of staffing grades (+£45,000). A further pressure of (+£23,000) has been caused by a temporary requirement to provide additional night cover at the Middlesbrough Intermediate Care Centre owing to health and safety works.

30. Savings on Older Persons' Day Care of (-£28,000) are predicted. This is a consequence of the cessation of the Laundry Service at Kirkley Lodge at the end of September and other general efficiencies on non-pay costs. A saving is also projected on Older Persons' Nursing costs (-£31,000) due to a net decrease of one service user during the third quarter.
31. Unbudgeted security costs of (+£75,000) are being incurred in order to keep the Levick House site secure.
32. A net pressure of (+£47,000) is forecast on Older Persons' Agency budgets reflecting the illegality of saving assumptions in relation to Nursing Band Payments. This arises as legal advice has been received that the service must pass increases in payments to providers. This is offset by savings resulting from a reclassification of care package costs. A reduction in demand for short stay placements has resulted in projected savings of (-£36,000) on Older Persons' Residential Short Stay budgets and (-£21,000) on Older Persons' Nursing Short Stay budgets. Further savings of (-£17,000) are expected on Hospital Social Work Team costs due to vacant posts.
33. A net pressure of (+£95,000) is projected on Older Persons' Mental Health Residential budgets due to a net increase of 7 service users in the third quarter. This pressure is partially offset by expected net savings of (-£27,000) on Older Persons' Mental Health Nursing costs. There has been a net reduction of 3 service users in the third quarter and a further saving is predicted as a result of a reduction in the number of void beds at Bramble Lodge, following the closure of the Marton Road Home. This is partially offset by the non-achievement of budgeted efficiency savings in relation to Nursing Band Payments.
34. A vacant post and the receipt of additional income from Middlesbrough PCT for 2 service users are the main reasons for a projected saving of (-£19,000) at the Hazeldene Day Centre.
35. **Physical Disabilities: (+£42,000)** A net pressure of (+£104,000) is forecast on Equipment and Adaptations due to increased demand. A pressure is also expected on Services for Sensory Loss costs (+£28,000). This arises from increased costs associated with the service provided by Redcar & Cleveland Council.
36. An efficiency saving of (+£15,000) on Day Care agency costs budget has not been fully delivered. A saving of (-£73,000) on unused Direct Payments and unbudgeted income of (-£20,000) are offset by an increase in service users costing (+£62,000).
37. Staff savings of (-£25,000) are projected at the Lansdowne Day Centre and (-£12,000) on occupational Therapy budgets. A decrease in demand for respite care will result in savings of (-£18,000). Further savings are expected on Community Support budgets (-£11,000), as there has been a net reduction of 1 service user in the third quarter.

38. **Learning Disabilities: (-£204,000)** A saving is predicted on residential costs due to one-off additional income from outside bodies for care packages and a charge to the PCT backdated to 2007 (-£174,000). Additional income has also been generated from a review of service users' eligibility for Independent Living Fund (ILF) funding and this is the main reason for projected savings of (-£93,000) on Independent Supported Living (ISL) budgets. Additional savings of (-£57,000) are projected on Community Support Team costs due to the cessation of one high cost package. Vacant posts within the Learning Disability Progress Team and Forensic Team have resulted in projected savings of (-£54,000). Community Inclusion team budget is projecting a net savings of (-£30,000) primarily due to additional income. These are partially offset by a pressure of (+£68,000) from an increase of 2 service users in Residential care and a (+£35,000) pressure on Day care Budgets as a result in increased unit costs. The cost of providing overnight support in ISLs has created a pressure of approximately (+£100,000) in 2008/09.
39. **Mental Health: (-£320,000)**. Savings on staffing of (-£57,000) are projected on the Community Mental Health Team budget. Savings are also forecast for Independent Supporting Living schemes (-£40,000) as a result of the receipt of income from the PCT relating to 2007/08. Additional income has resulted in forecast savings of (-£116,000) on the Sunningdale budgets, (-£25,000) on Community support budgets and (-£10,000) on Nursing budgets.
40. Savings on Residential costs of (-£61,000) are projected due to a decrease of one service user and additional income from the PCT. Further savings are forecast on the Community Support Team budget (-£43,000) and on the Forensic Team budget (-£14,000) as a result of staff vacancies.
41. 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 (+£47,000) is projected as a result.
42. **Asylum Seekers: (+£30,000)** Costs associated with failed Asylum seekers are projected to result in a pressure of (+£30,000).
43. **Ayresome Industries: (+£108,000)** The current economic downturn is having an impact on sales and a trading loss of (+£108,000) is projected for the year. This cost will be absorbed within the service's overall outturn position.
44. An inspection of the Ayresome Industries site has identified the need for essential works in order for existing facilities to meet statutory requirements and fulfil the Council's obligations under DDA legislation. The estimated cost of this capital work is £100,000 of which £40,000 will be funded from the DDA block capital budget.
45. **Personal Care: (+£86,000)** A pressure of (+£86,000) is estimated on the Direct Payments management fee. The management fee is based on the number of payments made and these are exceeding the budgeted level. This pressure has been incorporated in the 2009/10 budget setting process.

46. **Home Care:** Contractual issues associated with Single Status negotiations have given rise to a projected budget pressure of (+£106,000) on Rapid Response Team costs. There are also pressures on the Home care management budgets (+£22,000) because the abatement target for staff turnover is unlikely to be achieved. The above pressures are partly offset by projected savings of (-£100,000) on Independence Team budget as a result of additional income from the PCT and contributions to care packages from service users above budgeted levels. Staff vacancies have given rise to projected savings of (-£28,000) on the Older Persons' Mental Health Team budget.
47. **Adult Holding Accounts: (-£37,000)** An estimated surplus of (-£347,000) is projected on the Supporting People main programme. This will be carried forward as part of a rolling programme to be used for a number of schemes currently under development including Wellington Street homeless hostel, development of two large ISL projects and six community based Independent Living projects. This surplus is not included in the outturn variance. The Supporting People Administration grant is also not expected to be fully utilised (-£24,000) and will contribute towards the service's overall saving.
48. **Performance & Modernisation: (-£70,000).** Vacancies within the service amount to savings of (-£115,000). This is partially offset by expected pressure of (+£45,000) on transport service costs.
49. **Street Wardens (-£80,000)** Vacant posts are expected to result in savings of (-£95,000). This is partly offset by a number of minor pressures on non-pay budgets including fuel, exam & course fees and rent (+£15,000).
50. **Registrars: (+£30,000)** Pressures are forecast on the Registrar's equipment budget due to a number of one-off refurbishment costs and the unbudgeted annual maintenance charge for the electronic diary system. Additional resources have been included in the 2009/10 budget to cover this cost in future years.
51. **Demand led Budgets:** The Social Care service 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 £545,000.
52. **Grant Funding Carry Forward Requests:**
- a) The service is requesting that up to £190,000 of the Social Care Reform specific grant be carried forward owing to the timing and implementation of the Putting People First agenda over the three-year strategy period.
 - b) The service also wishes to carry forward £22,000 from the 2008/09 Workforce grant allocation to fund the Modern Apprenticeship scheme as part of the Mayor's Youth agenda.
 - c) The service is requesting the carry forward of Stroke grant funding of £44,000 to 2009/10. The Stroke grant must be returned to the Department of Health and cannot be retained by the Council if it is not carried forward.

d) The allocation of Local Performance Sector Agreement (LPSA) funding for increasing employment of people with disabilities is currently showing an underspend of £12,000. The service is requesting that the balance is carried forward to cover planned expenditure in 2009/2010.

e) An estimated surplus of £420,000 on the Asylum Seekers NASS contract will be carried forward as part of a rolling programme and is not included in the outturn variance. The surplus has arisen because the level of income received under the contract in 2008/09 has increased considerably and has outstripped related costs. The carry forward will be required to fund a number of additional pressures which are likely to occur over the next two years including the following:-

- The remaining two year lease on the Asylum Seekers' Resource & Initiative Centre (£120,000 p.a.).
- A decline in the level of contract income as income rates will be based on R.P.I. less 2%.
- The Home Office is progressing with the second phase of the Case Resolution Directorate programme. This will provide decisions on a significant number of older asylum seeker cases affecting current numbers and therefore income levels.

53. A breakdown of the service efficiency savings is detailed in Appendix C. An update as to Social Care Actions required from the quarter two budget clinic are summarised in Appendix D.

Environment: (+£56,000)

54. The service predicts a net budget pressure of (+£56,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Transport & Design	-86	-164	-78
Community Protection	6	-57	-63
Streetscene – Revenue Funded	120	180	60
Director	0	0	0
Transport & Design Trading	0	20	20
Streetscene – Trading	45	77	32
Total	85	56	-29

55. **Transport & Design: (-£164,000).** There is saving on insurance costs of (-£80,000) and on the Management of the Highways budget of (-£20,000). There is a projected net over achievement of (-£55,000) against the Gershon target in respect of abandoned shopping trolleys. This is partly offset by an unachievable Gershon of (+£20,000) relating to income from road closures by external bodies.

56. Additional pressures within the service are (+£70,000) on Street lighting Maintenance costs, (+£25,000) to cover the cost of replacement and damaged Christmas lights. The (+£5,000) for a detailed structural inspection of the Albert Road rail bridge structure was funded from LTP. There is a (+£15,000) pressure relating to the reduced income from the Transporter Bridge.
57. Additional pressures of (+£79,000) are anticipated on the winter maintenance budget due to the recent spate of cold weather. This pressure will be covered by an allocation from the central provision.
58. There is a projected pressure of (+£200,000) on electricity cost for street lighting. This pressure will be funded from corporate resources. There is a projected saving of (-£42,000) on salaries due to the LTP Co-ordinator salary being budgeted for within revenue but this is currently being funded from LTP. This is offset by the cost of a one-off contribution to the Tees Valley Metro study of (+£5,000) and remainder of the contribution to Shopmobility (+£25,000) for 2008/09. This is offset by expected savings of approximately (-£45,000) across supplies and services.
59. Parking Solutions is projecting a shortfall in income of (+£50,000) primarily due to the general economic climate. This pressure is partly offset by (-£10,000) salary savings. These pressures are partly offset by a savings of (-£70,000) on staffing and running costs within Road Safety, School Crossing Patrols.
60. Savings on salaries within Transport and Policy amount to (-£110,000). 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. A small saving of (-£14,000) on management of Dial a ride is anticipated.
61. Community Protection: (-£57,000) Continued poor attendance at North Ormesby Market is an ongoing concern and is creating a pressure of (+£20,000). There are staffing savings within Community Safety (-£72,000).
62. Additional staff savings of (-£20,000) on Trading standards, (-£24,000), Food Health and Safety, (-£34,000), Environmental Protection, (-£7,000), Environmental Sustainability and (-£10,000) on Private Sector housing. Additional income of (-£10,000) in relation to the Metz Bridge Travellers site is projected. Partly offset by a (+£11,000) pressure due to an increase in bad debts on pest control and (+£4,000) agency staffing costs within Dog Wardens.
63. The Golf Centre continues to be a concern with an estimated pressure of (+£46,000). Savings of (-£78,000) are projected on Central Management due to grant income received and savings on expenditure. A saving of approx. (-£23,000) is projected on Sports Development due to staff savings and increased income.
64. The Southlands Centre was closed from October to December 2008 as the theatre hall floor is being replaced. This closure resulted in a (+£14,000) loss of income. All efforts will be made to minimise costs during the closure period to offset the loss of income. A similar situation occurred when the Rainbow Centre was closed in November 2008 for main hall floor repair works and the pools were closed for

essential repairs to the changing villages resulting in an estimated (+£100,000) loss of income.

65. Reduction in bookings and income at the Neptune Centre and Acklam Sports Centre has created a pressure of (+£54,000), This is offset by additional income from the Clairville Stadium and a surplus on the 10K road race of (-£36,000).
66. **Streetscene: (+£180,000).** Waste Services has a pressure on the Waste Collection fuel budget (+£140,000) and (+£70,000) on support service charges. There is an additional one off pressure of (+£30,000) due to the delay in the implementation of new collection rounds. The pressures are partly offset by a saving of (-£60,000) on Waste disposal costs due to decreased tonnage levels. There are predicted net savings totalling (£-15,000) on Parks offset by a (+£15,000) pressure on Centre Square running costs.
67. **Streetscene Trading: (+£20,000).** A small pressure of (+£20,000) is predicted mainly due to a downturn in external work resulting from the current economic climate
68. **Streetscene Trading: (+£77,000).** Area Care is projecting a trading deficit of (+£27,000). This primarily relates to support services charges. A trading deficit of (+£50,000) on Building Works is offset by a (-£40,000) surplus on Building Cleaning and (-£35,000) on Building Security.
69. The pressure of (+£75,000) on Fleet Services comprising (+£44,000) on receipts from sales previously included in the outturn projections. A pressure of (+£23,000) is due to a shortfall in bus operators grant income and general net pressures within the service amount to (+£8,000).
70. A breakdown of the service efficiency savings is detailed in Appendix C. An update as to the Environment Actions required from the quarter two budget clinic are summarised in Appendix D.

Regeneration: (-£178,000)

71. The service predicts a net budget saving (-£178,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Planning & Regeneration	0	-11	-11
Cultural Services	0	-5	-5
Economic & Community Regeneration	-103	-126	-23
Libraries	-15	-65	-50
Executive Director	0	0	0
Museums	38	29	-9
Planning Delivery Grant	0	0	0
Total	-80	-178	-98

72. **Planning and Regeneration: (-£11,000).** Housing Planning Delivery grant of (-£32,000) will be used to address the pressures on the Development Control budget (+£10,000), Building Control budget (+£22,000). The estimated resource requirement of £215,000 for LDF in 2008/09 will also be met in full from Housing Planning Delivery grant and there will be an underspend on the core revenue budget of (- £41,000).
73. The costs associated with the disposal of the Councils interest in Acklam Hall site are creating a pressure of (+£30,000) on the Urban Policy budget. The costs are mainly associated with the engagement of an external independent valuation services.
74. **Cultural Services: (-£5,000).** There are projected staffing savings of (-£61,000) within the service. This is offset by a pressure of (+£44,000) 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 net pressure of (+£14,000). A surplus of (-£2,000) is anticipated on the Middlesbrough Theatres programming budget.
75. **Economic & Community Regeneration: (-£126,000)** 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 (-£60,000). Savings of (-£21,000) have been identified within Community Regeneration budget as a result of staff vacancies, additional income and a saving on the Cohesion budget due as a result of priority being given to the progression of the Harmony Initiative.
76. There is an anticipated under achievement of income of (+£60,000) at the Enterprise Centre caused by businesses relocating and a reduction in the number of re-lets. One off pressures due to over payment of income and small pressure on the partnership budget amount to (+£12,000). Efficiency targets for the Southland

Centre of £40,000 are only likely to be partly achieved this will create a pressure of (+£23,000).

77. **Libraries: (-£65,000)** Staffing savings of (-£70,000) are forecast, which will be offset by an under-achievement of income of (+£5,000).
78. **Museums: (+£29,000)** A net pressure of (+£18,000) is anticipated on MIMA. Savings of (-£62,000) on salaries, premises and general supplies are offset by pressures of (+£80,000) as a result of reduction in sponsorship, shop sales, and corporate hire income. The Dorman Museum budget is projecting a pressure of (+11,000), primarily due to casual staffing costs and back dated pay.
79. A breakdown of the service efficiency savings is detailed in Appendix C. An update on action require from the quarter two budget clinic are summarised in Appendix D

Corporate Services: (-£732,000)

80. The service predicts a net budget saving of (-£732,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Legal & Democratic Services	-153	-274	-121
Strategic Resources	-408	-511	-103
Performance & Policy	27	-37	-64
Corporate Services Recharges	90	90	0
Total	-444	-732	-288

Legal & Democratic Services: (-£274,000)

81. There are projected staffing savings in Senior Management (-£33,000), Common Law (-£24,000), Welfare (-£27,000), which are partly offset by a projected pressure of (+£44,000) on General Services budgets as a consequence of the rising cost of essential law books. The saving will be partly offset by an expected reduction in income of (+£26,000) on legal work for land sales. Pressures are also forecast on Property & Regeneration non pay budgets (+£21,000) due to a requirement to appoint agency staff. This is more than offset however by projected savings of (-£71,000) on staffing costs due to vacancies.
82. Savings of (-£39,000) are predicted on Members' basic and special responsibility allowances, as current allocations are lower than the budgeted level and on members expenses of (-£26,000).
83. There are staffing savings on Resource Team (-£23,000), Governance Team (-£30,000), Political Assistants (-£34,000) and Electoral Registration (-£10,000). Additional savings of (-£32,000) on members Development and (-£27,000) on Speaker and Civic budgets are forecast.

84. A net pressure of (+£12,000) is projected on the Coroner's budget mainly due to an increase in rent charges from the Law Courts.

Strategic Resources: (-£511,000)

85. The level of recovery of overpayments Housing Benefits is forecast to exceed the budgeted target by (-£288,000). There are also projected savings on staff costs within the Benefits Team and a further saving has arisen from the receipt of additional Housing Subsidy income. Total savings on Housing Benefit budgets are estimated at (-£339,000).
86. Savings of (-£39,000) 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 (+£56,000) on Internal Audit.
87. 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 (-£47,000) on Asset Management costs. Further savings on staffing costs are forecast on the Strategic Accountants (-£13,000) and on the Value for Money Team professional fees and exam budget of (-£17,000). The Corporate subscriptions budget is anticipating savings of (-£10,000).
88. Commercial Property rental income is projected to exceed budget by (-£120,000) 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.
89. There is a pressure of (+£55,000) on Senior Management budget due to the cost of agency staff (+£39,000) and the cost of an Excel software upgrade of (+£16,000). A saving of (-£16,000) is forecast on the Strategic Commissioning unit staff budgets.
90. **Bad Debt Provision** It is anticipated that Bad Debt provision will be increased by (+£27,000) by the end of the financial year due to an increase in firms going bankrupt.
91. **Grant Funding Carry Forward Request.**
- a) Local Housing Allowance (LHA) and the Employment Support Allowance was provided to the Benefits service in 2008/2009 and has been used to fund the successful launch of the LHA. The service are requesting that £20,000 of the unspent funding is carried forward to fund the completion of the project in 2009/2010. The balance of (£83,000) can be returned to the General Fund.

Performance & Policy: (-£37,000)

92. Savings of (-£152,000) are forecast on the Performance and Policy staffing budgets. There is pressure of (+£27,00) on printing costs, (+£15,000), exam fees budget, advertising costs (+£11,000), long service awards (+£10,000) and (+£9,000) on CRB costs due to the increased number of checks. The advertising of the Chief Executives post will reduce the saving by (+£11,000).
93. A provision is to be made to cover the potential repayment of (£28,000) ERDF funding on the Neighbourhood Assessment and Community Appraisals schemes as some expenditure may be deemed ineligible due to a lack supporting documentation on administration costs.

Corporate Services Recharges: (+£90,000)

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

Central Costs and Provisions: (+£386,000)

96. There is a predicted net budget pressure of (+£386,000) on Central Costs and Provisions at the end of the 3rd quarter. The Projected Outturn position and the projected variance are summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Pay & Prices	-258	258	516
Job Evaluation	0	0	0
Capital Financing	0	125	125
Custodian Properties	0	0	0
Right to Buy Receipts	753	784	31
Ex Trading Services	-196	-99	97
Designated Authority Costs	-24	-32	-8
Demand Lead Pressures	0	0	0
Other	-225	-246	-21
Unfunded Pensions	-197	-197	0
Changes to specific Reserves			
LDF Reserve	0	-207	-207
Total	-147	386	533

97. The contingency funding for BOHO phase 1 is no longer required and it is proposed to transfer the £210,000 to the Change Programme Reserve.

Efficiency Savings

98. The Council has embedded within its budget monitoring procedures reporting on efficiency savings. The Council is projected to over achieve its efficiency savings target by (-£30,000). The table below summaries the Projected Outturn position:

	Target £000's	Outturn £000's	Variance £000's
Children, Families and Learning	1,602	1,553	49
Social Care	1,134	1,134	0
Environment	860	931	-71
Regeneration	173	136	37
Corporate Services	677	722	-45
Total Savings	4,446	4,476	-30

Service Reviews:

99. 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.

Balance Sheet Management

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

School Reserves	5,579	0	0	5,579
Investment Reserves	1,131	0	0	1,131
Specific Revenue Reserves	11,372	943 -	5,328	6,987
Provisions	7,706	499 -	3,447	4,758
Total	25,788	1442 -	8,775	18,455

101. **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 summarises 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	223	-1
Social Care	626	619	-7
Environment	417	374	-43
Regeneration	313	329	16
Corporate Services	291	318	27
Total Bad Debt Provision	1,871	1,863	-8

102. **Sale of Assets (Losses/Gains):** Three assets were disposed of during 2008/2009:

ASSET	Net (Gain) or Loss
Sale of Skip Loader	£4,303
Trinity Crescent – Haslam Homes	£0
Riverside Park – Former Newbolds Site	(£214,000)

OPTION APPRAISL / RISK ASSESSMENT

103. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLCATIONS

104. A net budget pressure of (+£269,000) is forecast within general fund services for the year as summarised below:-

	Outturn £000s
Children, Families and Learning	1127
Social Care	-390
Environment	56
Regeneration	-178
Corporate Services	-732
Central Costs and Provisions	386
Net Contribution to/from Balances: -	269

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

	General Fund £000's	Lane Rental Income £000's
Opening Balance	5,477	208
Add		
Forecast net pressure	269	
Less:		
Used in 2008/2009		-208
Estimated Balances 31st March 2009	5,208	0

RECOMMENDATIONS

106. 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 7th March 2008
- 2008/2009 Council Tax Report : Council 7th March 2008
- 2008/2009 – 2011/2012 Medium Term Financial Plan: Executive Report 8th January 2008
- Quarter two Consolidated Revenue Projected Outturn - December 2008

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