

# MIDDLESBROUGH COUNCIL

## OVERVIEW AND SCRUTINY BOARD

### 2<sup>nd</sup> Quarter Revenue Budget Projected Outturn Director of Strategic Resources 17 November 2009

#### PURPOSE OF THE REPORT

1. To present to the Executive an estimate of the annual projected outturn for 2009/2010 based on the second quarter review of revenue expenditure against the current years Revenue Budget.

#### BACKGROUND AND EXTERNAL CONSULTATION

2. The Council on the 6<sup>th</sup> March 2009 set its revenue budget at £130.980 million for 2009/2010. A Council Tax increase of 4.5% for Middlesbrough Council was approved.
3. In setting the 2009/2010 budget, approximately £6.5 million of efficiency savings were identified. The Council approved an extra £2.1 million for key services; including:
  - £0.8m for Children, Families and Learning
  - £0.7m for Social Care for older people and disadvantaged groups
  - £0.6m for investment in the Environment, Highways and Transport
4. The projected outturn position for 2009/2010 is a net budget pressure of (+£989,000). This represents a 0.76% pressure against the £130.980 million 2009/2010 budget. 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>
Children, Families and Learning	911	1,632	721
Social Care	451	44	-407
Environment	278	10	-268
Regeneration	0	-98	-98
Corporate Services	-49	-56	-7
Central Costs & Provisions	327	-543	-870
<b>Total</b>	<b>1,918</b>	<b>989</b>	<b>(929)</b>

A breakdown of Gross Expenditure and Income budgets against projected Expenditure and Income outturns are contained in Appendix A.

## Children, Families and Learning: (+£1,632,000)

5. The service predicts a net budget pressure of (+£1,632,000) at the end of the 2<sup>nd</sup> quarter. The projected outturn position is summarised below: -

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Commissioning & Resources	-42	-345	-303
Achievement	0	-156	-156
Young Peoples Services	0	28	28
Schools Budget	0	-9	-9
Strategic management	10	0	-10
Demand Led Contingency	-664	-664	0
Safeguarding	1,607	2,778	1,171
<b>Total</b>	<b>911</b>	<b>1,632</b>	<b>721</b>

6. **Commissioning and Resources: (-£345,000)** Catering is projecting a net pressure of (+£109,000). The total pressure is largely due to an anticipated (+£173,000) increase in costs on food and reduced meals income of (+£117,000), offset by savings on energy costs (-£66,000), equipment purchases (-£50,000) and additional income from grants (-£65,000). This pressure will be offset by a contribution from Direct Schools Grant (DSG) as approved by Schools Management Forum (SMF) on 2<sup>nd</sup> July 2009. A review of the service is ongoing and a costing analysis exercise is currently being examined to identify additional savings.
7. The provision of a new public service route to Prior Pursglove College is anticipated to result in a pressure of (+£56,000) i.e. the cost of reimbursing the half price fares to the operator. This pressure has been partly offset by a contribution of (-£25,000) from the connexions service. There are projected staff savings of (-£18,000) across the service. Recent tendering exercise has generated savings of (-£109,000) on taxis and contract buses of (-£30,000). A further saving of (-£41,000) is projected on extended schools transport due to lower than anticipated take up of the service from eligible pupils. The rephrasing of a tender exercise has resulted in projected savings of (-£69,000) on the Children's Fund. The take up rate from local childcare providers for financial assistance is lower than anticipated resulting in projected savings of (-£80,000). Additional savings of (-£25,000) have been achieved across the service on car allowances, car parking and printing and stationery.
8. **Achievement (-£156,000)** The School Improvement service is projecting savings of (-£111,000) through additional income of (-£80,000) and the maximisation of Standards Fund grant of (-£31,000). The Attendance & Behaviour Support Team project savings of (-£43,000) of which (-£20,000) relates to vacant posts the balance is a result of the allocation of DSG grant.
9. **Young People's Services: (+£28,000)** There are pressures on the Nautical Studies income budget of (+£18,000) and (+£8,000) on electricity charges. The Stainsacre income budget is expected to be down by (+£29,000) and there is a

cost of covering long-term sickness of (+£6,000). These pressures are partly offset by projected savings on the Connexions budget of (-£15,000), on staff vacancies and (-£12,000) on car allowances, car parking and printing and stationery.

10. **School Budget: (-£9,000):** Saving is due to the retirement of one member of staff.
11. **Demand Led Contingency: (-£664,000)** This budget will be used to partly offset the pressures within Safeguarding as detailed below.
12. **Safeguarding: (+£2,778,000)** The Assessment and Care management service is projecting a net pressure of (+£611,000). This is mainly from increased costs of child protection work (+193,000) and additional costs (+£509,000) within the Locality Teams primarily as a result of the employment of agency staff to cover vacant posts, demand led pressures, car allowances, transport cost and premises costs.
13. The Children Looked after service has a net pressure of (+£2,583,000). There are projected savings of (-£167,000) on in-house fostering as a result of a reduction in the number of carers and placements. Independent Fostering Agencies are a significant pressure of (+£924,000) due to the number of additional placements above those projected in the budget setting i.e. the 80 placements have increased to 113 placements in October 2009.
14. The fostering fee negotiations have resulted in the majority of suppliers agreeing a 0% increase for this year. This has resulted in a saving of £115,000. The service is also entering into a new joint tender agreement with Stockton, Redcar & Cleveland and Darlington from January 2010.
15. There is a pressure on Children's Agency Residential Schools of (+£1,833,000) from additional placements above those budgeted for i.e. the 21 placements have increased to 31 placements in October 2009. Five Rivers is projecting a saving of (-£15,000) from a reduction in fees.
16. The Family Support Services is projecting a net pressure of (+£48,000) on Direct payments budget (+£25,000) due to increases in service provision, Regular payments (+£50,000) as a result of interim and care orders issued by the courts. These pressures are partly offset by staffing savings in the Family Resource Team of (-£27,000). Other Children's & Family Services are projecting savings of (-£26,000) mainly as a result of staffing savings in the Leaving Care Services budget. A one off savings on General Sure Start grants will contribute (-£41,000) to the service pressures.
17. Provision for demand led pressures. The Council has set aside a provision to meet costs associated with the increased demand for 'Social Services' (Children & Adults). The above projection includes a contribution of £416,000 to meet the net pressure across Safeguarding as a result of increased places.
18. A detailed breakdown of the efficiency savings are shown in appendix B
19. An update on the CFL actions required from 2009/2010 quarter one budget clinic is shown in appendix C

## Social Care: (+£44,000)

20. The service predicts a net budget pressure of (+£44,000). The projected outturn position is summarised over: -

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Older people with Mental Health	376	213	-163
Physical disability / Sensory Impairment	1	49	48
Learning Disabilities	76	-132	-208
Mental Health	-34	-66	-32
Other Adults Services	0	-4	-4
Adults Holding Accounts	-11	-200	-189
Asylum Seekers	0	-91	-91
Ayresome Industries	280	188	-92
Domiciliary Care	-70	-86	-16
Supporting People	0	-143	-143
Performance & Modernisation	-15	0	15
Service Strategy	2	4	2
Street Wardens	-3	0	3
Registrars	0	23	23
Repaid Direct Budgets	-151	-151	0
Social Care Demand Led Provision	0	403	403
Bad Debt Provision	0	37	37
<b>Total</b>	<b>451</b>	<b>44</b>	<b>-407</b>

21. **Older People: (+£213,000)** A pressure of (+£402,000) is forecast on Elderly residential budgets as a result of demand led pressures with an increase of 15 service budget setting (+£219,000). Efficiency savings from Preferred Provider status will not be delivered in the year resulting in a pressure of (+£196,000). An increase of 36 service users receiving direct payments is expected to result in a further budgetary pressure of (+£148,000).
22. A pressure of (+£128,000) is projected on Carelink costs. This is in addition to the (+£80,000) provided within the base budget for 2009/10 only. The pressure for future years is therefore (+£208,000). This is mainly due to a shortfall in income as the number of service users receiving the service has fallen significantly. The service has appointed a marketing consultant to assist in a review of the service aimed at achieving greater value for money and increasing the number of service users. The service received £40,000 from the Change Programme to fund this review.
23. A requirement for additional sickness cover is the main reason for a (+£40,000) pressure at Middlesbrough Intermediate Care Centre. These pressures have been offset by savings on the purchase of Elderly Residential Care of (-£53,000) and purchase of OPHM Residential care of (-£34,000). Further savings of (-£38,000) are forecast OPHM contracts as a consequence of lower void payments. A day care contract for those with Alzheimer's was delayed due to a staff vacancy and will deliver savings of (-£28,000).

24. **Physical Disabilities: (+£49,000)** A pressure of (+£49,000) is projected from the delay in the re-provisioning of the Landsdown Day Centre.
25. **Learning Disabilities: (-£132,000)** A pressure of (+£108,000) is expected on the Continuing Health Care savings target. A pressure of (+£20,000) is projected due to delays to the staffing restructure within Integrated Short Breaks Service and (+£35,000) on St Paul's income budget.
26. Delays in identifying and gaining the agreements of individuals to move from out of area placements to Marton Road, Independent Supported Living Centre (ISL) has meant that the budgeted efficiency saving on Bringing People Back Home will not be met in full. There is a resultant pressure of (+£84,000).
27. Additional Service user income, external funding and backdated Independent Living Fund (ILF) income totalling (-£91,000) have helped offset the projected pressures. Savings within the Community Inclusion Team amount (-£88,000) comprising (-£42,000) staff savings, (-£31,000) additional income and minor savings of (-£13,000) on running costs.
28. Additional grant allocations of (-£66,000), additional income of (-£40,000), staffing savings of (-£15,000) and lower cost associated with Learning Disability residential care of (-£40,000) have all contributed to savings to partly offset service pressures.
29. **Mental Health: (-£66,000).** Staffing savings are projected within the Community Health Team of (-£51,000) and the Affective disorder team of (-£50,000). Savings are also forecast for Independent Supporting Living schemes (-£54,000) as a result of vacancies and an out of area service user being placed in our care.
30. Additional income from section 117 stays has resulted in a projected saving of (-£65,000). A reduction in the number of Deprivation of Liberty assessments has resulted in projected savings of (-£45,000). Other minor savings on running costs of (-£13,000) have been identified.
31. An increase in the Supporting People recharge has resulted in a large pressure of (+£88,000) being forecast for the cost of Section 117 reviews. A pressure of (+£41,000) is also anticipated on Mental Health residential care. This is mainly due to a delay in implementing the Mental Health rehabilitation restructure. Due to a shortage of approved social workers it has become necessary to pay a market premium to maintain staffing levels. A pressure of (+£77,000) is forecast.
32. **Asylum Seekers: (-£91,000)** The service is projecting a surplus of (-£557,000) by the end of the financial year. However there are a number of commitments totalling (+£448,000) which must be met from this surplus over the next two years. The balance of (-£91,000) will be used to offset the expenditure incurred in the delivery of services to failed asylum seekers.

33. **Ayresome Industries: (+£188,000)** The economic downturn is continuing to effect sales at the workshop, particularly on UPVC window and door production. Trading is further hindered as 2009/10 sees the end of the Erimus window replacement programme resulting in a net trading deficit of (+£242,000) for the year. The service is requesting that the balance of £74,000 on the Ayresome Industries balance sheet reserve is utilised this year to partially mitigate the anticipated trading loss.
34. A further pressure is forecast for the Ayresome Community Transport Service of (+£20,000) due to a slight drop in activity and delay in implementing new pricing policy.
35. **Personal Care: (Domiciliary) (-£105,000)** A saving of (-£80,000) is forecast as a result of additional contributions from service users. A further saving of (-£20,000) is anticipated due to the inflation uplift on Home care payments being less than budgeted. There is a small savings of (£5,000) on sitting services.
36. **Home Care: (Domiciliary) (+£19,000)** A net pressure of (+£19,000) is forecast on the Independence Team budget. Additional costs for shift allowances (+£50,000), higher than budgeted levels of car allowance payments (+£10,000) and a shortfall in PCT income of (+£57,000) are the main pressures. This is partly offset by the receipt of additional client contributions of (-£64,000) and staffing savings of (-£40,000).
37. **Supporting People: (-£143,000)** Projected savings on the supporting people budget will be used to offset mainstream expenditure across the service.
38. **Adult Holding Accounts: (-£199,500).** Carers grant income (-£178,000) and work force development grant income (-£91,000) have been earmarked to mitigate pressures across the Directorate. A budgeted efficiency target of (+£70,000) for Direct Payment Support Service will not be met. The service is to be re-tendered.
39. **Registrars: (+£23,000).** The pressure of (+£23,000) is from a shortfall in income.
40. **Demand led Budgets: (-£403,000).** A contingency budget of £403,000 was set up to cover the effects of increases in demand for services. Demand pressures totalling +£275,000 are anticipated during quarters 2 to 4 and these costs have been charged against this budget.
41. The service is expecting to receive unbudgeted income of (-£151,000) relating to the repayment of Direct Payment surpluses.
42. An additional (+£37,000) has been set aside for the provision of bad debt.
43. A detailed breakdown of the efficiency savings are shown in appendix B
44. An update on the Social Care actions required from 2009/2010 quarter one budget clinic is shown in appendix C.
45. Provision for demand led pressures. The Council has set aside a provision to meet costs associated with the increased demand for 'Social Services' (Children &

Adults). The above projection includes a contribution of £706,000 to meet the net pressure across adult services as a result of increased places.

**Environment: (+£10,000)**

46. The service predicts a net budget pressure of (+£10,000) at the end of the 2<sup>nd</sup> 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>
Transport & Design	208	155	-53
Community Protection	0	-75	-75
Streetscene	90	-40	-130
Director	-20	-30	-10
<b>Total</b>	<b>278</b>	<b>10</b>	<b>-268</b>

47. **Transport & Design: (+£155,000).** On Parking Solutions there is projected shortfall in income of (+£180,000). There is a pressure of (+£18,000) on inspections in Cemeteries and Parks, which have been identified as high-risk areas. The service has returned £150,000 to General fund relating to savings on energy cost of street lighting.
48. Staffing savings of (-£90,000) are projected on Road Safety and Traffic budgets.
49. There are un-achieved efficiency savings relating to the Bus Station for 2006/07 and 2007/08 totalling (+£75,000) for which the budget has been reduced. A full evaluation of what is required operationally at the Bus Station is taking place and this will be matched to available resources and may require negotiation with Mouchel regarding posts to be transferred back to the Council. Income shortfalls of (+£32,000) on rents and departure charges have created an additional pressure. The pressures have been partly offset by projected staffing savings of (-£60,000).
50. **Community Protection: (-£75,000).** Continued poor attendance at North Ormesby Market (+£20,000) is an ongoing concern. Staff savings of (-£104,000) offsets this pressure across the service.
51. The Sport and Leisure service is projecting a pressure of (+£25,000) position for the year. There is a pressure on income, with the service not achieving its target. Current savings on management salary costs and a number of grant-funded initiatives are partly offsetting this pressure. A saving of (-£16,000) is projected on Community Safety primarily on staffing.
52. **Streetscene: (-£40,000).** Waste Services have a predicted pressure of (+£120,000), partly due a fire at the Energy from Waste plant and the increased disposal costs associated with diverting waste to landfill (+£70,000). This pressure is to be funded from the pay and prices provision (-£150,000). There is also a pressure on the Waste Collection budget mainly due to the projected under-

achievement of the efficiency saving for the charging for replacement bins (+£50,000).

53. Places and Spaces are projecting a pressure of (+£30,000) due to additional costs for Health And Safety treatment of weeds at Hemlington Lake (+£4,000), essential concrete repairs to Prissick Skate Plaza (+£8,000) and an income shortfall on Area Care of (+£20,000). The Business Development Unit is projecting a saving of (-£100,000) due to additional income generated from the sale of LATS to Merseyside Council.
54. Building Works is projecting a pressure of (+£120,000) as a result of a shortfall in income due to a limited supply of work. This pressure is partly offset by a projected surplus on Building Cleaning and Security of (-£60,000).
55. **Director: (-£30,000)** There is an expected saving of around (-£55,000) on the Directors budget due the post being vacant part of this year and the PA post being vacant until August. This saving is offset by the pressure of (+£25,000) relating to the efficiency target for the transfer from weekly to monthly pay, which is not going to be achieved this financial year
56. A detailed breakdown of the efficiency savings are shown in appendix B
57. An update on the Environment actions required from 2009/2010 quarter one budget clinic is shown in appendix C

**Regeneration: (-£98,000)**

58. The service predicts a net saving of (-£98,000) at the end of the 2<sup>nd</sup> 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>
Development	-33	-80	-47
Economic Development, Cultural & Community Regeneration	11	41	30
Libraries	0	-149	-149
Executive Director	0	0	0
Museums	13	74	61
Bad Debt Provision	9	16	7
<b>Total</b>	<b>0</b>	<b>-98</b>	<b>-98</b>

59. **Development: (-£80,000).** The Development Control income budget has been noticeably affected by the economic downturn, however the impact of Building Schools for the Future and other major schemes will help achieve the income target. A savings of (-£12,000) is projected due to the cancellation of additional service provision. Costs associated with the disposal of Acklam Hall site are anticipated to be (+£37,000) it is been agreed to fund these cost from Corporate Initiatives fund.



60. The Building Control fee income is expected to meet its target and no pressures are anticipated. The proposed joint working with Redcar and Cleveland has been approved and is scheduled to commence on 1<sup>st</sup> December 2009. Savings of (-£17,000) are projected on the Urban Policy Team primarily due to the recharge of staff to external shared partner arrangements.
61. The Local Development Framework is projecting savings of (-£31,000) against the budget. The Regeneration Programmes Team project savings of (-£20,000) as a result of staff vacancies and recharge of staff to external shared partner arrangements.
62. **Economic Development, Culture & Community: (+£41,000)** Net savings on Economic Development and support and Town centre Team of (-£52,000) are projected on staffing and running costs. The Community Development re-structure has been completed and generated net savings of (-£24,000) after taking account of pension and retirement costs. The maximising of grant on the Cohesion budget has generated projected savings of (-£30,000). This is partly offset by an income pressure within the Newport Neighbourhood Centre of (+£5,000).
63. There is an anticipated pressure of (+£102,000) on the Enterprise Centres due to under achievement of income, the projection is based on the current occupancy of each centre. The main reason for the pressure is due to businesses relocating having reached the highest rental levels and also the problem in re letting the units in the present economic climate.
64. There are projected staffing savings and additional income of (-£34,000) within the service. This is offset by a net pressure of (+£44,000) primarily relating to the events programming budget in relation to the Music Live event due to a rise in infrastructure costs, a reduced contribution from one of the event's business partners.
65. **Libraries: (-£149,000).** The Libraries service is projecting a saving of (-£149,000) from the service staffing review.
66. **Museums and Galleries: (+£74,000)** The major pressure for MIMA relates to a shortfall in external funding of (+£18,000) and a pressure relating to the shop income budget of (+£5,000). There have recently been problems with the cooling system in the MIMA building and legal services are reviewing contracts to ascertain if costs can be recovered from suppliers. There is a potential pressure of (+£51,000).
67. The outturn projection includes an increase in the bad debt provision of (+£16,000) due to a company going into liquidation in March 2009, there is currently no bad debt provision for this company as all debts are under one year old.
68. A detailed breakdown of the efficiency savings are shown in appendix B.
69. An update on the Regeneration actions required from 2009/2010 quarter one budget clinic is shown in appendix C.

## Corporate Services: (-£56,000)

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

	Estimated Qtr 1 Outturn £'000s	Estimated Qtr 2 Outturn £'000s	Variance £'000s
Legal & Democratic Services	-38	-96	-58
Strategic Resources	-26	-8	18
Corporate Initiatives	0	80	80
Performance & Policy	-5	-26	-21
Chief Executive's Office	0	-9	-9
Corporate Services Bad Debt	20	3	-17
<b>Total</b>	<b>-49</b>	<b>-56</b>	<b>-7</b>

71. **Legal & Democratic Services: (-£96,000).** There are projected staffing savings in Senior Management (-£9,000) and Welfare of (-£20,000). The continuing economic downturn is having a significant effect on property sales and a shortfall of (+£83,000) is predicted on the Property & Regeneration fees & charges income budget as a result.
72. Further pressures totalling (+£47,000) are forecast on General Services costs. This is primarily a consequence of the rising cost of essential Law publications (+£25,000). The service is reviewing the provision of electronic and hard copy publications with the aim of reducing costs wherever possible. An increase in exam & course fees has also contributed to the overall projected pressure.
73. Savings of (-£135,000) are predicted on Members' office budget this comprises staffing savings of (-£20,000), members allowances and development budgets (-£40,000), additional income (-£20,000) and savings of (-£48,000) on publications, hospitality, civic ceremonial functions and electoral registration budgets. The decision to integrate the members websites with the main Council website is expected to save (- £7,000).
74. **Strategic Resources: (-£8,000).** A net savings of (-£6,000) are anticipated on Housing Benefits administration budgets. Housing benefits grant subsidy income is forecast to exceed the budgeted level by (-£66,000) because the actual subsidy received for 2008/09 exceeded the year-end estimate used when closing last year's accounts. These savings are offset by a pressure of (+£117,000) on the recovery of Housing Benefit overpayments.
75. Savings of (-£24,000) are projected in the Loans & Investment Section, (£35,000) Strategic Accountants and (-£44,000) on Asset Management sections as a result of staff vacancies. On-going recruitment difficulties and the resultant need to recruit agency staff will result in a net pressure of (+£76,000) on Internal Audit. The senior management budget is projecting a saving of (-£5,000) on running costs.

76. Further pressures have been identified on Local Taxation budgets (+£46,000) due to increased costs from transaction charges on payments via the internet and debit/credit cards and increased court fee charges implemented by the Home Office. Financial Planning budget is projecting a pressure of (+£5,000) as a consequence of the delay in the retirement date of the Financial Planning Officer.
77. The Government Office North East (GONE) have agreed in principle to forgo the claw back on £125,000 of potential urban programme grant providing the money is reinvested on urban programme activity or to deliver LAA outcomes.
78. **Corporate Initiatives (+£80,000).** The budget is projected to be exceeded by (+£80,000).
79. **Performance & Policy: (-£26,000).** Net Staffing savings are projected of (-£71,000) these savings are partly offset by non-pay budget pressures of (+£45,000).
80. **Chief Executives Office: (-£9,000)** A net saving of (-£9,000) is projected primarily as a result of savings on the Chief Executives Initiatives budget.
81. The bad debt provision will increase by (+£3,000).
82. A detailed breakdown of the efficiency savings are shown in appendix B.
83. An update on the Central services actions required from 2009/2010 quarter one budget clinic is shown in appendix C.

#### **Central Costs and Provisions: (-£543,000)**

84. On Central Costs and Provisions there is a projected net budget saving of (-£543,000) at the end of the 2<sup>nd</sup> quarter. The projected outturn position and the projection variance are summarised below:

	<b>Estimated Qtr 1 Outturn £'000s</b>	<b>Estimated Qtr 2 Outturn £'000s</b>	<b>Variance £'000s</b>
Pay & Prices	-223	-696	-473
Capital Financing	706	545	-161
Custodian Properties	0	7	7
Right to Buy Receipts	191	122	-69
Ex Trading Services	-97	-138	-41
Designated Authorities	-31	-31	0
Other	0	15	15
Unfunded Pensions	-209	-218	-9
Urban Programme Grant	0	-125	-125
Vat Claims	0	-15	-15
Levies	-9	-9	0
Precepts	-1	0	1
<b>Total</b>	<b>327</b>	<b>-543</b>	<b>-870</b>

85. **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 (+£457,000). The table below summaries the Projected Outturn position:

	<b>Target £000's</b>	<b>Outturn £000's</b>	<b>Variance £000's</b>
Children, Families and Learning	1,030	1,010	20
Social Care	1,187	821	366
Environment	1,284	1,229	55
Regeneration	334	341	-7
Corporate Services	407	384	23
<b>Total Savings</b>	<b>4,242</b>	<b>3,785</b>	<b>457</b>

Appendix B provides a detailed analysis for each service.

86. **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 2009. It is important that that these reviews are undertaken during 2009/2010 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. Services have been requested to provide an expected completion date for each of the reviews.

### Balance Sheet Management

87. **Reserves / Provisions:** The table below summarises the projected movements on reserves and provisions for 2009/2010. A detailed breakdown of the movements is shown in Appendix E - Reserves and Appendix F -Provisions.

	<b>31 March 2009 £'000s</b>	<b>Receipts in Year £'000s</b>	<b>Payments in Year £'000s</b>	<b>31 March 2009 £'000s</b>
School Reserves	4,826	0	0	4,826
Investment Reserves	948	0	0	948
Specific Revenue Reserves	11,120	256 -	2,298	9,078
Provisions	5,231	0 -	1,046	4,185
<b>Total</b>	<b>22,125</b>	<b>256 -</b>	<b>3,344</b>	<b>19,037</b>

88. **Bad Debt Provision:** The Council's intention is to link its budget monitoring with its Balance sheet management. The first stage in this process is to report 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: -

	<b>Bad Debt Provision 31/03/2009 £000's</b>	<b>Estimated Bad Debt Provision 31/03/2010 £000's</b>	<b>Projected Increase / Decrease £000's</b>
Children, Families and Learning	243	245	2
Social Care	527	564	37
Environment	437	387	-50
Regeneration	323	363	40
Corporate Services	352	355	3
<b>Total Bad Debt Provision</b>	<b>1,882</b>	<b>1,914</b>	<b>32</b>

**Sale of Assets (Losses/Gains):** No assets have been disposed of the second quarter of 2009/2010 and as a result there are no gains or losses to report.

## EQUALITY IMPACT ASSESSMENT

89. Not applicable to this report.

## OPTION APPRAISAL/RISK ASSESSMENT

90. Not applicable to this report.

## FINANCIAL, LEGAL AND WARD IMPLICATIONS

91. A net budget pressure of (+£989,000) is forecast within general fund services for the year as summarised below:

	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Children, Families and Learning	911	1,632	721
Social Care	451	44	-407
Environment	278	10	-268
Regeneration	0	-98	-98
Corporate Services	-49	-56	-7
Central Costs & Provisions	327	-543	-870
<b>Total</b>	<b>1,918</b>	<b>989</b>	<b>(929)</b>

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

	<b>General Fund £'000s</b>
<b>Opening Balance</b>	5,539
Less:	
Forecast Net Pressure	(989)
<b>Estimated balance as at 31<sup>st</sup> March 2010</b>	<b>4,550</b>

## **RECOMMENDATIONS**

- a. Overview and Scrutiny Board are asked to: -
  - a. Note and consider the contents of report
  - b. Approve the actions outlined in Appendix C
  - c. Approve the virements requested in Appendix G

## **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:

- 2009/2010 Revenue Budget Executive Report 6<sup>th</sup> March 2009
- 2009/2010 Council Tax Report: Council 6<sup>th</sup> March 2009
- 2009/2010 – 2012/2013 Medium Term Financial Plan: Executive Report 9<sup>th</sup> December 2008
- Quarter 1 Consolidated Revenue Budget Projected Outturn Executive Report 18<sup>th</sup> August 2009.

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