

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

3rd Quarter Revenue Budget Projected Outturn Director of Resources 1 March 2010

PURPOSE OF THE REPORT

1. To present to Overview & Scrutiny Board an estimate of the annual projected outturn for 2009/2010 based on the third quarter review of revenue expenditure against the current years revenue budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council on the 6th March 2009 set its revenue budget at £130.98 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 saving of (-£59,000). This represents a 0.05% saving against the £130.98 million 2009/2010 budget. The projected outturn position is summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Children, Families and Learning	1,632	1,797	165
Social Care	44	0	-44
Environment	10	-5	-15
Regeneration	-98	-733	-635
Corporate Services	-56	-326	-270
Central Costs & Provisions	-543	-792	-249
Total	989	(59)	(1,048)

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

Children, Families and Learning: (+£1,797,000)

5. The service predicts a net budget pressure of (+£1,797,000) 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	-345	-396	-51
Achievement	-156	-211	-55
Young Peoples Services	28	37	9
Schools Budget	-9	-6	3
Strategic management	0	0	0
Demand Led Contingency	-664	-664	0
Safeguarding	3,194	3,453	259
Call on Reserves	-416	-416	0
Total	1,632	1,797	165

- 6 **Commissioning and Resources: (-£396,000)** Catering is projecting a net pressure due to a reduction in meals income of (+£320,000), offset by savings on energy costs (-£65,000), equipment purchases (-£50,000) food purchases of (-£40,000), employee savings of (-£70,000) and additional income from grants (-£31,000). This pressure will be offset by a contribution from Direct Schools Grant (DSG) of (-£129,000) as approved by Schools Management Forum (SMF) on 2nd July 2009. A review of the service is ongoing and a costing analysis exercise is currently being undertaken 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 offset by a contribution of (-£25,000) from the connexions service and from the college of (-£31,000). There are projected staff savings of (-£21,000) across the service. A recent tendering exercise has generated savings of (-£91,000) on taxis and a net saving on contract buses of (-£39,000). A further saving of (-£46,000) is projected on extended schools transport due to lower than anticipated take up of the service from eligible pupils. The rephasing of a tender exercise has resulted in projected savings of (-£69,000) on the Children's Fund.
- 8 The Governor Support service is projecting a saving of (-£20,000) as a result of additional income from chiring meetings and savings on supplies and services. A saving of (-£77,000) is projected on Childcare sustainability as a result of low applications for financial support. Additional savings of (-£33,000) have been achieved across the service on car allowances, car parking and printing & stationery.
7. **Achievement (-£211,000)** The School Improvement service is projecting savings of (-£111,000) through additional income of (-£75,000) and the maximisation of Standards Fund grant of (-£36,000). The Attendance & Behaviour Support Team project savings of (-£75,000) of which (-£40,000) relates to vacant posts and the balance is from the application of DSG grant brought forward from 2008/2009.

SEN Admin is projecting savings of (-£20,000) due to the transfer of the service to the Student Loan Company. Additionally staffing savings of (-£7,000) have been identified within Education Psychology service. A number of Area Based grants are expected to contribute towards the costs (-£47,000). The savings are offset by a pressure of (+£49,000) on the efficiency target for vacancies.

8. **Young People's Services: (+£37,000)** There are pressures on the Nautical Studies income budget of (+£13,000) and (+£2,000) on electricity charges. The income budget for Stainsacre is expected to be down by (+£49,000) and there is a cost for covering long term sickness of (+£6,000). These pressures are partly offset by projected savings on the Connexions budget of (-£13,000), on staff vacancies and (-£12,000) on car allowances, car parking and printing and stationary. The service has made an additional saving of (-£8,000) above the target for delaying the recruitment to vacant posts.
9. **School Budget: (-£6,000):** Saving is due to the retirement of one member of staff.
10. **Demand Led Contingency: (-£664,000)** This budget will be used to partly offset the pressures within Safeguarding as detailed below.
11. **Safeguarding: (+£3,453,000)** The Assessment and Care Management service is projecting a net pressure of (+£913,000). There is a pressure on costs of child protection work from increased legal fees (+£235,000) due to the increased number of cases and a 550% increase by the courts in fees, (+£38,000) on additional support staff, (+£80,000) for the independent chairing of meetings, (+£8,000) on printing. The increase in the level of court fees will be covered by an allocation from the pay and prices provision of (-£159,000).
12. A pressure of (+£614,000) is projected 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. These pressures are offset by contributions of (-£36,000) and an additional saving of (-£89,000) against the savings target by the delaying of staff recruitment.
13. The Children Looked after service has a net pressure of (+£3,213,000). There are projected savings of (-£237,000) on in-house fostering as a result of a reduction in the number of carers and placements. Payments to Independent Fostering agencies are a significant pressure of (+£1,361,000) due to the number of additional placements above those projected in the budget setting. This is the net increase in the costs after taking into account £793,000 savings where placements that were anticipated to continue throughout 2009/10 have ceased for various reasons.
14. At the start of the year there were 81 placements continuing from 2008/09; there are now 114 placements as at 31st January 2010. The activity over the past nine months is summarised in the following table:

Month	TOTAL	New Placements	Ceased Placements
From 2008/2009	81		
April	81	6	6
May	86	16	11
June	91	9	4
July	97	13	7
August	103	18	12
September	100	10	13
October	99	8	9
November	105	14	8
December	113	18	10
January	114	1	0
Total	114	113	80

- The average weekly rate of an agency foster placement is £842. Based on the current placements the average annual cost is £36,650 per placement.

15. 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 (-£126,000). Fee negotiations with SWIIS have been finalised resulting in a saving of (-£59,000). Additional savings on the Foster tender exercise have been achieved of (-£12,000).

16. There is a net pressure on Children's Agency Residential Schools of (+£2,086,000) from additional placements i.e. the 22 placements at the start of the year have increased to 32 placements by December 2009. This is the net increase in the costs after taking into account a saving of £306,000 from placements that were anticipated to continue to the end of 2009/10 which have now ceased. The activity over the past nine months is summarised in the following table:

Month	TOTAL	New Placements	Ceased Placements
From 2008/2009	22		
April	23	2	1
May	22	0	1
June	24	4	2
July	26	5	3
August	25	0	1
September	26	2	1
October	30	5	1
November	31	2	1
December	32	2	1
Total	32	22	12

- Based on the current placements the average annual cost of a residential placement is £109,578.

17. The net projection also reflects savings from fee negotiations of (-£52,000). Five Rivers is projecting a saving of (-£15,000) from a reduction in fees.

18. The Children Looked After service is projecting a pressure of (+£21,000) in relation to public transport cost for children in care placed out of area. A saving of (-£3,000) is projected on Computer Equipment with the Education of Children Looked After.
19. The Family Support Services is projecting a net pressure on regular payments of (+£75,000) as a result of interim and care orders issued by the courts. This pressure is partly offset by savings of (-£35,000) within the Supervised Contact budget.
20. The Adoption service is projecting a pressure of (+£12,000) on transport costs. However savings of (-£106,000) are projected on the Leaving Care Service budget, (-£30,000) on staffing and (-£76,000) on the placement budget.
21. A one off saving on the General Sure Start grant will contribute (-£247,000) to address the service pressures.
22. **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 assumes a contribution of £416,000 to meet the net pressure across Safeguarding as a result of increased places.
23. **Grant Funding Carry Forward Requests:** A detailed list of requests is shown in Appendix H. All requests are subject to the Council's financial outturn position.
24. An additional (+£3,000) has been set aside for the increase in the provision of bad debt
25. A detailed breakdown of the efficiency savings are shown in appendix B
26. An update on the CFL actions required from 2009/2010 quarter two budget clinic is shown in appendix C.

Social Care: (Nil)

27. The service predicts a break-even position at the end of the 3rd quarter after the use of (-£706,000) from the Social Services provision to meet demand led pressures as summarised below: -

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Older people with Mental Health	213	199	-14
Physical disability / Sensory Impairment	49	37	-12
Learning Disabilities	-132	-92	40
Mental Health	-66	-143	-77
Other Adults Services	-4	24	28
Adults Holding Accounts	-200	-206	-6
Asylum Seekers	-91	-87	4
Ayresome Industries	188	342	154
Domiciliary Care	-86	-199	-113
Supporting People	-143	-177	-34
Performance & Modernisation	0	-40	-40
Service Strategy	4	-45	-49
Street Wardens	0	-9	-9
Registrars	23	27	4
Repaid Direct Budgets	-151	-317	-166
Social Care Demand Led Provision	403	638	235
Bad Debt Provision	37	48	11
Total	44	0	-44

28. **Older People: (+£199,000)** Efficiency savings from preferred provider status will not be delivered in the year resulting in a pressure of (+£196,000). A pressure of (+£122,000) is projected on Carelink costs. 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.
29. A requirement for additional sickness cover is the main reason for a (+£40,000) pressure at Middlesbrough Intermediate Care Centre offset by saving of (-£20,000) on vacant posts
30. The Direct payments budget is projecting a pressure of (+£13,000) as a result of changes in the cost of care packages.
31. These pressures have been offset by savings on the purchase of Elderly Residential Care of (-£35,000), staff savings as a result of secondment to PCT with West Locality Team of (-£33,000), extra income for the purchase of OPHM Residential care of (-£18,000). Further savings of (-£40,000) 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).
32. **Physical Disabilities: (+£37,000)** A pressure of (+£16,000) is projected from the delay in the re-provisioning of the Landsdown Day Centre and Direct payment costs are projected to be (+£17,000) as a result in the cost of care packages.

33. **Learning Disabilities: (-£92,000)** A net pressure of (+£35,000) is projected on the Independent Supported Living budgets. A pressure of (+£91,000) is forecast against the Continuing Health Care saving target. A pressure of (+£20,000) is projected due to delays to the staffing restructure within Integrated Short Breaks Service and additional administrative support (+£19,000).
34. Delays in reaching agreement with 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).
35. A net staffing related pressure of (+£5,000) is projected on the Integrated Transitions Team. A net pressure on the cost of direct payments of (+£14,000) is projected due to the increase cost of care packages. The Community Inclusion Team budget staffing savings due to holding vacancies of (-£66,000), additional unbudgeted PCT income of (-£49,000) and other savings of (-£18,000).
36. Additional and back dated Independent Living Fund (ILF) income has resulted in a net saving of (-£29,000) on Community Support budgets.
37. Additional grant allocations of (-£30,000), additional income of (-£40,000), staffing savings of (-£80,000) and lower cost associated with Learning Disability residential care of (-£44,000) have all contributed to savings to partly offset service pressures.
38. **Mental Health: (-£143,000)**. Staffing savings are projected within the Psychosis Team of (-£33,000), Forensic Mental Health Team (-£35,000) and Lothian Road (-£15,000). Savings are also forecast for Independent Supporting Living schemes (-£55,000) as a result of vacancies and an out of area service user being placed in our care. Vacant posts are also the reason for a projected saving of (-£92,000) on the Affective Disorder Team budget.
39. Additional income from section 117 stays has resulted in a projected saving of (-£35,000). A reduction in the number of Deprivation of Liberty assessments has resulted in projected savings of (-£45,000). Unallocated IMCA grant and inflationary savings on Mental Health Residential Care have resulted in savings of (-£19,000).
40. An increase in the Supporting People recharge has resulted in a large pressure of (+£80,000) being forecast for the cost of Section 117 reviews. A pressure of (+£28,000) 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 (+£80,000) is forecast.
41. **Adult Holding Accounts: (+£24,000)**. A budget pressure of (+£24,000) is projected because of the length of stay of service users with substance abuse issues.
42. **Service Strategy (-£40,000)**. A lower than expected recharge from the PCT is expected to result in a saving of (-£40,000).

43. **Street Wardens (-£9,000).** A net saving of (-£9,000) is forecast on the Street Wardens from minor savings on staffing costs, which are partially offset by a pressure on the examination and course fee budget.
44. **Asylum Seekers: (-£87,000)** The service is projecting a surplus of (-£490,000) by the end of the financial year. However there are a number of commitments totalling (+£370,000) which must be met from this surplus over the next two years. The balance of (-£115,000) will be used to offset the expenditure incurred in the delivery of services to failed asylum seekers leaving a net saving of (-£87,000) on the Asylum Seekers budget.
45. **Ayresome Industries: (+£342,000)** 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 (+£274,000) 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.
46. A further pressure of (+£142,000) is forecast for the Ayresome Community Transport Service (ACT). This is partly as a result of a delay in implementing a revised charging policy and a slight drop in activity.
47. **Personal Care: (Domiciliary) (-£219,000)** A saving of (-£194,000) 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.
48. **Home Care: (Domiciliary) (+£20,000)** A net pressure of (+£33,000) is forecast on the Independence Team budget. Unbudgeted costs for shift allowances (+£39,000) and a shortfall in PCT income of (+£18,000) are the main pressures. This is partly offset by the receipt of additional client contributions of (-£24,000).
49. **Supporting People: (-£177,000)** Projected savings on the supporting people budget will be used to offset mainstream expenditure across the service.
50. **Adult Holding Accounts: (-£206,000).** Carers grant income (-£172,000) and work force development grant income (-£84,000) have been earmarked to mitigate pressures across the Directorate. Adult Protection team are projecting staffing savings of (-£29,000) as a result of vacant posts. A budgeted efficiency target of (+£70,000) for Direct Payment Support Service will not be met. The service is being re-tendered.
51. **Performance and Planning (-£40,000)** Net saving is as a result of lower than expected spend on computer equipment.
52. **Registrars: (+£27,000).** The pressure of (+£27,000) is primarily as a result in a shortfall in income of (+£50,000) offset by staffing savings of (-£23,000).
53. **Demand led Budgets: (-£638,000).** A contingency budget of £638,000 was set up to cover the effects of increases in demand for services.

54. **Repaid Direct Payments (-£317,000).** The service is expecting to receive unbudgeted income of (-£317,000) relating to the repayment of Direct Payment surpluses.
55. An additional (+£48,000) has been set aside for the increase in the provision of bad debt.
56. **Grant Funding Carry Forward Requests:** A detailed list of requests is shown in Appendix H. All requests are subject to the Council's financial outturn position.
57. A detailed breakdown of the efficiency savings are shown in appendix B.
58. An update on the Social Care actions required from 2009/2010 quarter two budget clinic is shown in appendix C.
59. 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: (-£5,000)

60. The service predicts a net saving of (-£5,000) 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	155	290	135
Community Protection	-75	-20	55
Streetscene	-40	-265	-225
Management	-30	-10	20
Total	10	-5	-15

61. **Transport & Design: (+£290,000).** On Parking Solutions there is projected shortfall in income of (+£220,000). There is a pressure of (+£21,000) on inspections in Cemeteries and Parks, which have been identified as high-risk areas. Shortfall in income on the Transporter Bridge of (+£28,000).
62. Additional pressure of (+£18,000) is projected on Christmas Decorations and a (+£28,000) pressure on the cost of street lighting maintenance. A small pressure of (+£10,000) from the higher than expected charges on Cargo Fleet Lane Depot. An over achievement of income relating to abandoned shopping trolleys of (-£20,000) has offset some of these pressures.

63. The recent spate of adverse weather conditions has had a significant effect on both the projected outturn for Environment and general Council budgets in 2009/10. The effects include a large projected overspend on the £275,000 Winter Maintenance budget of (+£350,000), which will be funded corporately. The additional costs are due to increased costs of grit and increased labour costs for both gritting and snow clearance operations. Also the adverse weather conditions have affected the condition of the road network within Middlesbrough, which is expected to lead to increased repairs and maintenance costs, the extent of which is currently being examined. The adverse weather has also affected attendance and use of Council facilities, such as car parks, leisure and parks facilities, and increased costs in providing services, such as waste collection.
64. Net staffing savings of (-£65,000) are projected on Road Safety and Traffic budgets from vacancies.
65. There are un-achieved efficiency savings relating to the Bus Station review of operating arrangements (management / security / cleaning / CCTV) totalling (+£75,000). Income shortfalls, maintenance pressures and outstanding subsidy payments have resulted in additional pressures of (+£55,000). The pressures have been partly offset by projected staffing savings of (-£80,000).
66. **Community Protection: (-£20,000).** Continued poor attendance at North Ormesby Market (+£21,000) is an ongoing concern. Staff savings of (-£105,000) offsets this pressure across the service. Community Safety budget projects net savings of (-£46,000) primarily as a result of vacancies. There are small savings of (-£9,000) on Management and Admin running costs.
67. The Sport and Leisure service is projecting a net pressure of (+£119,000) for the year. For the last quarter the service has recorded one of the lowest recreation visits figures for a number of years. In quarter 3 there were only 271,689 visits recorded against a target for the quarter of 329,000.
68. This has resulted in a projected pressure on income from fees and charges of (+£367,000) based on information available to date. The annual fee and charges income budgets for Sport and Leisure are approximately £3,200,000. There are additional pressures relating to sickness levels of (+£100,000) and pressures on supplies and services of (+£15,000). Expenditure has been reduced as far as possible whilst still maintaining the service. These pressures are offset by staffing savings (-£187,000) and savings on running expenses of (-£176,000).
69. **Streetscene: (-£265,000).** The Energy from Waste Plant (EFW) reopened in December 2009 following the fire at the plant in September 2009. After receipt of tonnage data for the months the plant was closed the actual costs associated with diverting waste to landfill have now been determined as (+£180,000). This pressure is to be funded from the pay and prices provision. Legal discussions are still taking place with SITA over re-imburement of the additional costs incurred due to the fire.
70. There is a pressure of (+ £15,000) for Parks & Open Spaces from lower attendance due to the recent adverse weather.

71. There is a pressure on Waste Collection budget due to the projected under-achievement of the efficiency saving for the charging for replacement bins, additional fuel costs and increased overtime (+£105,000). This pressure is partly offset by a net saving on the waste disposal budget of (-£80,000).
72. A saving of approximately (-£130,000) is now expected for Area Care, as a result of additional work secured, generating increased income from the Working Neighbourhoods Fund. This work is generally of a one-off non-recurring nature.
73. Business Development Unit is projecting a saving of (-£100,000) from additional income generated from the sale of the Council's surplus Landfill Allowance Trading Scheme (LATS) credits to Merseyside Waste Authority. This surplus remains after utilising some of this income to fund business improvements projects within Streetscene.
74. A small saving of (-£25,000) is currently projected for Fleet Services from lower than expected costs of the Cargo Fleet Lane Custodian Depot due to reduced energy prices and a number of new cost control systems that have been introduced. Building Works is projecting a pressure of (+£50,000) as a result of a shortfall in income due to a limited supply of work. This pressure is offset by a projected surplus on Building Cleaning and security of (-£100,000).
75. **Management: (-£10,000)** There is an expected saving of around (-£80,000) on the Directors budget due to 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 and additional support and staffing costs of (+£45,000).
76. **Grant Funding Carry Forward Requests:** A detailed list of requests is shown in Appendix H. All requests are subject to the Council's financial outturn position.
77. A detailed breakdown of the efficiency savings are shown in appendix B.
78. A reduction of (-£34,000) has been made to the bad debt provision.
79. An update on the Environment actions required from 2009/2010 quarter two budget clinic is shown in appendix C.

Regeneration: (-£733,000)

80. The service predicts a net saving of (-£733,000) 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
Development	-80	-644	-564
Economic Development, Cultural & Community Regeneration	41	18	-23
Libraries	-149	-161	-12
Executive Director	0	0	0
Museums	74	-5	-79
TVR Wind up costs	0	43	43
Bad Debt Provision	16	16	0
Total	-98	-733	-635

81. **Development: (-£644,000).** 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 council schemes has helped achieve the income target. Unbudgeted planning enquiries and tree inspection works has resulted in a pressure of (+£11,000). 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 but it is not expected to be in place this financial year.
82. There is a net pressure of (+£21,000) projected on the Urban Policy Team due to costs associated with the disposal of Acklam Hall offset by the recharge of staff to external shared partner arrangements. The Local Development Framework is projecting savings of (-£117,000) against the budget. The Housing Planning Delivery Grant is expected to contribute (-£280,000) after ensuring there is sufficient funding available for ongoing staffing commitments for major regeneration projects and to ensure performance targets are achieved.
83. It is anticipated that the Area Based Grant – Working Neighbourhoods Fund will provide a saving (-£149,000) from the 2009/2010 allocation.
84. The Regeneration Programmes Team projected savings of (-£81,000) as a result of staff vacancies, recharge of staff to external shared partner arrangements and savings on supplies and services.
85. The Strategic Housing Function is projecting staff savings of (-£51,000) and savings on other minor running costs savings of (-£15,000). Reduced by a pressure of (+£13,000) on income from housing association fees.
86. **Economic Development, Culture & Community: (+£18,000)** Net savings on Economic Development & Support and the Town Centre Teams of (-£91,000) are projected on staffing and running costs. The Community Development re-structure has been completed and generated net savings of (-£31,000) after taking account of pension and retirement costs.

87. There is an anticipated pressure of (+£140,000) on the Enterprise Centres due to under achievement of income; the projection is based on the current occupancy of each centre. This includes an increase in the bad debt provision of (+£24,000) due to one firm going into liquidation.
88. There are projected staffing savings and additional income of (-£34,000) within the service. This is offset by a net pressure of (+£44,000) on the Music Live event due to a rise in infrastructure costs and a reduced contribution from one of the event's business partners. There are projected savings on staffing of (-£7,000) for Theatres and Public Entertainment and additional income of (-£3,000).
89. **Museums and Galleries: (-£5,000)** The major pressure for MIMA relates to a shortfall in external funding of (+£16,000) and the recent problems with the cooling system in the MIMA building. Legal Services are reviewing contracts to ascertain if the costs can be recovered from suppliers. This is a potential cost of (+£51,000) which will be funded from the Building Improvements Programme. These pressures are offset by net savings of (-£10,000) on staffing costs due to the delay in appointing the Museum Director and (-£11,000) on running costs.
90. **Libraries: (-£161,000)** There are anticipated net savings of (-£170,000) due to staff turnover and vacant posts which have not been filled, this is after meeting the abatement target and increased costs for temporary register and casual staff. There is a pressure of £13,000 on the under-achievement of income. The budgets are to be re-aligned as part of the service review.
91. Archives have a projected saving to Middlesbrough of (-£4,000) due to the Chief Archivist post being vacant for the whole of the year.
92. There is a pressure arising due to the wind up of Tees Valley Regeneration and a minimum amount of (+£43,000) will be required. There are two pension funding costs options, between £43,000 and £103,000. At this point in time only the minimum (+£43,000) contribution has been agreed.
93. The service has identified an increase in the total bad debt provision of (+£40,000).
94. **Grant Funding Carry Forward Requests:** A detailed list of requests is shown in Appendix H. All requests are subject to the Council's financial outturn position.
95. A detailed breakdown of the efficiency savings are shown in appendix B.
96. An update on the Regeneration actions required from 2009/2010 quarter two budget clinic is shown in appendix C.

Corporate Services: (-£326,000)

97. Corporate Services predict a net budget saving of (-£326,000) 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	-96	-109	-13
Strategic Resources	72	-27	-99
Performance & Policy	-26	-189	-163
Chief Executive's Office	-9	-11	-2
Corporate Services Bad Debt	3	10	7
Total	-56	-326	-270

98. **Legal & Democratic Services: (-£109,000).** There are projected staffing savings in Senior Management (-£9,000) and Welfare of (-£20,000).
99. The continuing economic downturn is having a significant effect on property sales and a shortfall of (+£87,000) is predicted on the Property & Regeneration income budget as a result. A further pressure of (+£17,000) has been identified on the professional fees budget. These pressures have been partly offset by savings of (-£84,000) on vacant posts.
100. Further pressures are forecast on General Service's costs due to the rising cost of essential Law publications (+£32,000). 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 (+£8,000) has also contributed to the pressure.
101. The Corners budget is predicting a pressure of (+£28,000) due to the costs incurred on a long-term inquest.
102. Savings of (-£168,000) are predicted from Members allowances and development budgets (-£75,000) and additional income with the Scrutiny team (-£20,000). A number of projected savings have been identified on the Governance Team including vacant posts (-£19,000), professional & commission fees (-£6,000), transport costs (-£5,000) and other running costs savings of (-£5,000). Further savings are predicted on the Chair's Hospitality budget (-£10,000), General Services (-£9,000), Civic Ceremonial Functions (-£7,000), Local Elections (-£8,000), Civic Events (-£7,000) and the Senior Management budget (-£3,000).
103. There is a pressure of (+£23,000) on the Electoral Registration budget on printing, postage and examination costs partially offset by savings of (-£20,000) on staffing due to vacant posts. There is also a minor pressure of (+£3,000) on the Freedom of Information budget due to a requirement for maternity leave cover.
104. **Strategic Resources: (-£27,000).** A pressure of (+£54,000) is anticipated on Housing Benefits budget due to increased cost of audit fees from the Audit Commission reflecting the additional time taken by the external auditors to audit last year's Housing Benefit subsidy claim. The change from the Benefit Fraud Inspectorate to the Audit Commission has increased audit fees for Councils across the country. This pressure is offset by a reduction in the amount of Housing Administration Grant payable to Mouchel of (-£41,000) and staffing savings of (-£7,000).

105. Savings of (-£27,000) are projected in the Loans & Investment Section, (-£37,000) on Strategic Accountants and (-£34,000) on Asset Management sections as a result of staff vacancies. The Asset Management team also projects savings of (-£10,000) on property costs. On-going recruitment difficulties and the resultant need to recruit agency staff will result in a net pressure of (+£60,000) on Internal Audit. The senior management team are projecting savings of (-£31,000) on professional fees and the Value for Money Team (-£18,000) on running costs. Bank charges are projecting a saving of (-£3,000).
106. Further pressures have been identified on Local Taxation budgets (+£58,000) due to increased costs from transaction charges on payments via the internet and debit/credit cards and increased court fee charges of 500% 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. Savings within the Strategic Commissioning unit amount to (-£17,000).
107. There was a one off payment to Mouchel of (+£36,000) for a Council Tax single persons discount review. The review will provide a benefit to the Council in 2009/2010 as it has reduced the level of singles persons discount by £250,000.
108. The Corporate Initiatives budget is projected to make a saving of (-£22,000).
109. **Performance & Policy: (-£189,000).** Net Staffing savings are projected of (-£173,000) and savings on running expenses of (-£16,000).
110. **Chief Executives Office: (-£11,000)** A net saving of (-£11,000) is projected primarily as a result of savings on staffing.
111. The bad debt provision will increase by (+£10,000) as a result of increased level of bankruptcies.
112. **Grant Funding Carry Forward Requests:** A detailed list of requests is shown in Appendix H. All requests are subject to the Council's financial outturn position.
113. A detailed breakdown of the efficiency savings are shown in appendix B.
114. An update on the Corporate Services action required from 2009/2010 quarter two budget clinic is shown in appendix C.

Central Costs and Provisions: (-£792,000)

115. On Central Costs and Provisions there is a projected net budget saving of (-£792,000) at the end of the 3rd quarter. The projected outturn position and the projection variance are summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Pay & Prices	-696	-778	-82
Job Evaluation	0	140	140
Capital Financing	545	555	10
Custodian Properties	7	15	8
Right to Buy Receipts	122	142	20
Ex Trading Services	-138	-138	0
Designated Authorities	-31	-23	8
Other	15	9	-6
Unfunded Pensions	-218	-227	-9
Urban Programme Grant	-125	-125	0
Vat Claims	-15	-665	-650
Levies	-9	-9	0
Contributions To / From Reserves	0	-601	-601
Winter Maintenance*	0	350	350
PSA Reward Grant	0	-1,000	-1,000
Vat Penalty - WMNT	0	40	40
Delapidations Gurney House	0	-77	-77
Precepts	0	0	0
Total	-543	-2,392	-1,849

*Includes cost of gritting and snow clearance but excludes costs of repairs to ice damaged roads which are still being assessed.

116. It is proposed to supplement the following reserves / provisions:

	£'000
HR & Equal Pay	+600
Social Services Demand Led pressures	+1,000
	<hr/>
	+1,600

117. **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 (+£425,000). The table below summaries the projected outturn position:

	Target £000's	Outturn £000's	Variance £000's
Children, Families and Learning	1,030	1,028	2
Social Care	1,187	834	353
Environment	1,284	1,199	85
Regeneration	334	368	-34
Corporate Services	400	381	19
Total Savings	4,235	3,810	425

Appendix B provides a detailed analysis for each service.

118. **Service Reviews:** Services were requested to identify areas for future review as part of the 2009/2010 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.

Balance Sheet Management

119. **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.

	31 March 2009 £'000s	Receipts in Year £'000s	Payments in Year £'000s	31 March 2009 £'000s
School Reserves	4,826	0	0	4,826
Investment Reserves	948	0	0	948
Specific Revenue Reserves	11,120	1316 -	3,875	8,561
Provisions	5,231	0 -	1,284	3,947
Total	22,125	1316 -	5,159	18,282

120. **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:

-

	Bad Debt Provision 31/03/2009 £000's	Estimated Bad Debt Provision 31/03/2010 £000's	Projected Increase / Decrease £000's
Children, Families and Learning	243	246	3
Social Care	527	575	48
Environment	437	403	-34
Regeneration	323	363	40
Corporate Services	352	362	10
Total Bad Debt Provision	1,882	1,949	67

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

EQUALITY IMPACT ASSESSMENT

122. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

123. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

124. A net budget saving of (-£59,000) is forecast within general fund services for the year as summarised below:

	Estimated Qtr 2 Outturn £'000s	Estimated Qtr 3 Outturn £'000s	Variance £'000s
Children, Families and Learning	1,632	1,797	165
Social Care	44	0	-44
Environment	10	-5	-15
Regeneration	-98	-733	-635
Corporate Services	-56	-326	-270
Central Costs & Provisions	-543	-792	-249
Total	989	(59)	(1,048)

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

	General Fund £'000s
Opening Balance	5,539
Add:	
Forecast Net Saving	59
Estimated balance as at 31st March 2010	5,598

RECOMMENDATIONS

126. Members of the Overview & Scrutiny Board are asked to: -

- Note and consider the contents of report

REASONS

- a) To ensure that Middlesbrough Council reports on resource utilisation against approved budgets.
- b) To consider the 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 6th March 2009.
- 2009/2010 Council Tax Report: Council 6th March 2009.
- 2009/2010 – 2012/2013 Medium Term Financial Plan: Exec Report 9th Dec 08.
- Quarter 1 Consolidated Revenue Budget Projected Outturn 6th August 2009.
- Quarter 2 Consolidated Revenue Budget Projected Outturn 8th December 2009.

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