OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 1 March 2010.

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

OFFICERS: B Baldam, J Bennington, C Carter, P Clark, J Ord, N Pocklington, J Shiel and K Warnock.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Cole, Kerr and Mawston.

**** DECLARATIONS OF INTERESTS**

Name of Member	Type of Interest	Item / Nature of Interest
Councillors C and J Hobson	Personal/Non Prejudicial	Agenda Item 3: Site 44 – campaigners to save the site.

THIRD QUARTER CAPITAL MONITORING AND REVIEW 2009/2010

A report of the Director of Resources was presented which provided an update on the Council's capital programme (2009/2010 to 2012/2013) based on the third quarter review of capital expenditure.

As part of the background information it was noted that the capital programme had an agreed time line to 2012/2013 and a gross programme of expenditure of £332,889 million. The capital programme was funded from a number of sources including government grants, affordable borrowing, capital receipts, external funding and direct revenue funded contributions.

It was reported that the change in overall net expenditure across all schemes since the last review was an increase of £15,000 in Council wide resources needed to support the capital programme (0.002% of the total programme) as outlined in Appendix A of the report submitted.

The change in gross expenditure since the last review was reported as an increase of £1,050,000. Resources had increased by £1,035,000 resulting in a net difference of £15,000. Details of changes in gross expenditure and resources by service and individual scheme were outlined in Appendix A of the report submitted.

The Board's attention was drawn to significant variations to the programme as outlined in the report, which included the following: -

a) Replacement of Jontek system:

Although a figure of £110,00 had been identified to extend the use of a new system to the Councils four preferred providers of Home Care it was considered that there were anticipated efficiency gains.

b) Integrated Rehabilitation Service:

It was reported that the scheme had not proceeded because of Council budget pressures and the NHS, the effect of which was that no revenue funding would be available in the future to provide the necessary staffing structure to deliver an integrated rehabilitation service (-£211,000).

c) Stewart Park Heritage Lottery Fund – Phase Two (Delivery):

As the Heritage Lottery Fund was now funding more of the capital elements the grant funding for the capital scheme had increased by £100,000 meaning a reduction in the capital programme of the same.

d) Healthy Town Grant – Incentivised Bike Scheme:

The scheme and associated funding had now been transferred to revenue, as the work involved did not fall under the scope of capital and as it was fully funded by Healthy Town grant there was no impact on the revenue position.

e) Wellness Gym Equipment:

The Board was advised of a new scheme being funded by the PCT (£220,000) for new equipment that fitted to the existing Technogym equipment to be installed and ready to use by April 2010.

f) Growthpoint Grant Funding:

It was reported that in December 2009 the Department for Communities and Local Government announced the allocations for all Growth Points. The Tees Valley had received £1,992,209 of which £399,000 had been allocated to Middlesbrough bringing the total capital allocation for the scheme over the two years to £802,806. It was noted that the Executive at its meeting held on 26 November 2009 had suggested that such a grant be deployed to fund acquisitions of owner-occupied homes, including an equivalent of OHRAS (Re-Housing Options for Affected residents) in the Grove Hill area.

Reference was made to other variations relating to changes in existing projects that did not have an impact on the overall gross expenditure as shown in Appendix B of the report submitted.

In overall terms of re-profiling, £16.216 million had been re-profiled from 2009/2010 to 2010/2011 and future years of which £8,427 million related to block budget provisions details of which were shown by service and individual scheme in Appendix C of the report submitted. The net impact of the movements of non-block budgets between financial years was summarised as £4.4 million for 2009/2010.

The Board's attention was drawn to the reasons for material re-profiling into 2010/2011 and future years from 2009/2010 as outlined in the report and shown by individual scheme in Appendix D of the report.

The detailed allocation of block budgets held by service areas was shown by individual schemes in Appendix E of the report submitted. Such allocations had already been included within the gross expenditure of the capital programme and had no impact on the net expenditure of the programme.

In overall terms there was an increase in the need for Council wide resources to support the capital programme of £15,000. The gross expenditure had decreased from £322.941 million to £332,889 million and the level of over-programming was currently estimated at £1.460 million (0.44%) The overall programme position as at the quarter 3 review was shown at Appendix F of the report submitted.

Members sought clarification on a number of areas. In relation to the Common Assessment Framework the projected costs were expected to exceed the original estimate by £102,000. The department had submitted a bid for £240,000 of additional PCT funding the outcome of which was awaited and would be pursued.

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THIRD QUARTER REVENUE BUDGET PROJECTED OUTTURN 2009/2010

A report of the Director of Resources was presented which provided an estimate of the annual projected outturn for 2009/2010 based on the third quarter review of revenue expenditure against the current year's Revenue Budget.

Reference was also made to the projected outturn position for 2009/2010 of a net budget saving of (-£59,000) which represented a 0.05% saving against the £130.98 million 2009/2010 budget. The report included a summary of the outturn position in respect of the service areas. A breakdown of Gross Expenditure and Income budgets against projected Expenditure and Income outturns was provided at Appendix A of the report submitted.

The Council had embedded within its budget monitoring procedures reporting on efficiency savings. The Board was advised that the Council was projected to under-achieve its efficiency savings target by (+£425,000) as outlined in the report.

Services had been requested to identify areas for future review as part of the 2009/2010 budget setting exercise and a list of proposed reviews had been presented to the Executive in January 2009. It was acknowledged that it was important for such reviews to be undertaken during 2009/2010 to assist in addressing the significant budget pressures the Council would need to deal with in future years. It was noted that there had been varied progress so far.

The report gave a summary of the projected movements on reserves and provisions for 2009/2010, a detailed breakdown of which was provided in Appendices E and F respectively.

In terms of bad debt provision details were provided of such debt across each service and impact on service budgets as summarised in the report submitted.

It was noted that no assets had been disposed of up to the third quarter of 2009/2010 and as a result no gains or losses were reported.

The report provided details of a net budget saving of (- £59,000) which was forecast within general fund services for the year which reflected service variances of Children, Families and Learning (£165,000), Social Care (£-£44,000), Environment (-£15,000), Regeneration (-£635,000), Corporate Services (-£270,000), and Central Costs and Provisions (-£249,000).

The estimated revenue balance as at 31 March 2010 was reported as £5,598.

The Board's attention was drawn to a number of key budget pressure areas detailed in the report.

Members sought clarification on a number of areas and the action being taken to address the identified pressures.

Specific reference was made to Children, Families and Learning with particular regard to Safeguarding. The Board was advised that at the beginning of the year there were 81 placements continuing from 2008/09. Summary information was provided of the activity over the past nine months culminating in 114 placements as at 31 January 2010. The average weekly rate of an agency foster placement was reported as £842. Based on current placements the average annual cost was reported as £36,650 per placement.

Reference was also made to the net pressure on Children's Agency Residential Schools of (+£2,086,000) from additional placements namely the 22 placements at the start of the year had increased to 32 placements by December 2009. Summary information was provided of activity over the past nine months. Based on the current placements the average annual costs of a residential placement were reported as £109,578.

In response to Members' concerns regarding the reduction in meal income of (+£320,000) it was confirmed that ways of increasing take up were being examined.

Members also referred to the Children Looked After Service, which had a net pressure of (+£3,213,000). There were projected savings of (-£237,000) on in-house fostering as a result of a reduction in the number of carers and placements. It was noted that payments to Independent Fostering agencies were a significant pressure of (+£1,361,000) owing to the number of placements above those projected in the budget setting.

The Deputy Director of Safeguarding advised the Board of the measures being pursued including research being undertaken by the University of Teesside in order to gain a better understanding of the increasing numbers. Such findings would assist the Council in addressing the issues. It was acknowledged that the effectiveness of preventative measures was an important consideration. It was hoped that the research would help to determine if current measures were appropriate and effective.

Members discussed to what extent the additional pressures identified were taken into account in terms of the Government's Spending Review, which was a three-year financial settlement. It was confirmed that the new data would be incorporated into the next Spending Review and it would be important to make appropriate representations at that time.

Reference was made to the impact of recent adverse weather conditions which had had a significant effect on both projected outturn for Environment and General Council budgets in 2009/2010 as a result of increased costs in respect of grit, labour costs for both gritting and snow operations and reduced attendance at Council facilities. It was also noted that the adverse weather had affected the condition of the road network which was expected to result in increased repairs and maintenance costs.

Given the Healthy Town initiatives Members expressed a concern that there was a projected pressure on the Sport and Leisure Service as a result of one of the lowest recreation visits figures for a number of years.

Whilst there was a significant percentage of demand led budgets in relation to Social Care it was acknowledged that measures had been put in place in recent years for the service to be in a better position to cope with such demands.

The Board reiterated that the major pressure area for the Council remained Children Families and Learning especially with regard to safeguarding issues and acknowledged the current measures with a view to gaining a better understanding of the reasons for the pressures in this area.

ORDERED that the Officers be thanked for the information provided which was noted.

MIDDLESBROUGH LOCAL AREA AGREEMENT 2008 TO 2010 – REFRESH 2010

A report of the Assistant Chief Executive was presented which detailed revised targets as part of the final refresh of the Middlesbrough Local Area Agreement (LAA) 2008-2011.

A fundamental review and refresh had been concluded in March 2009 through Executive and the LSP for which the majority of targets remained valid. It was confirmed however that in a limited number of instances there was a need to revisit certain targets on account of the down turn in the economy and its impact for example on house-building completion rates.

Detailed negotiations had taken place with GONE in order to deliver a final year refresh by the end of March 2010 in line with their timescales. It was reported however that the majority of targets would not be renegotiated during the lifetime of the LAA unless there were compelling reasons for doing so.

The process of review and refresh had been inclusive with full engagement of the LSP Action Group Lead Officers drawing upon their practical experience to help set realistic targets. Full consideration of the matter was due to take place with the LSP Executive Board at its meeting to be held on 1 March 2010.

In terms of Middlesbrough's approach, it was noted that of the 35 designated targets which made up the LAA as shown in Appendix 1, 31 remained unchanged, 3 had been the subject of technical updating and 1 had been made the subject of 'refresh' re-negotiation of targets.

It was pointed out that at the time of the 2009 LAA refresh accurate, baseline data had not been available for: -

NI 146 – adults with learning disabilities that are in paid employment;
NI 150 – adults receiving secondary mental health services in paid employment.

Middlesbrough had agreed therefore to commit to set a target for the final year that had been demonstrated by a statistically significant improvement on 2008/2009 performance.

The Board was advised that it had been acknowledged nationally that the aspirational targets set for teenage pregnancy (NI 112) were too stretching and had therefore become inoperable at the current rates. Accordingly, Government had agreed for results for this indicator to be excluded from the calculation of any Performance Reward Grant payable at the conclusion of the LAA.

The 2009 LAA Refresh agreed to 'park' targets that were directly impacted by the recession, namely: -

NI 153 – working age people claiming out of work benefits in the worst performing neighbourhoods;
NI 154 – net additional homes provided;
NI 171 – VAT variances.

Given the continuing uncertainty regarding the recession and impact of the closure of Corus it was not proposed to renegotiate N1 171 and NI 153.

In view of the economic situation the LAA refresh was limited in scope to the re-negotiation of one target relating to the net number of additional homes provided (NI 154) where revised targets were proposed to better reflect the latest available data and intelligence.

The report set out the proposed target (from 1200 to 132 cumulative) and rationale for refreshing NI 154 as follows: -

a) The economic downturn had had a significant detrimental impact on house building in Middlesbrough.

b) In 2008/2009 net additional homes were minus 103 dwellings. Quarterly monitoring indicated that up to the end of Quarter 3 of 2009/2010 there had only been + 10 net additional dwellings.

c) Middlesbrough had had a number of challenging urban regeneration housing sites. As the housing market recovered, housebuilders were likely to maintain a risk averse approach to development and may favour less challenging sites thus rates in urban core locations were taking longer to recover than elsewhere.

d) The ongoing programme of demolitions as part of comprehensive housing market renewal proposals meant that net additional dwellings would remain low in the short term even when gross completions improved.

e) The revised target set out represented a challenging but realistic figure.

Although not part of the overall negotiation, the Council and its Partners had considered areas where local targets would drive improvement and strengthen ownership of issues. It was proposed that NI 170 – 'Reduce emergency hospital admissions caused by unintentional and deliberate injuries to children and young people '– be included as a local target.

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