

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

2009 /2010 Revenue Outturn Director of Resources 1 June 2010

PURPOSE OF THE REPORT

1. To present the final outturn position for expenditure against the 2009/2010 Revenue Budget.

BACKGROUND AND EXTERNAL CONSULTATION

2. The Council on the 6th 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. On the 2nd March 2010, Executive considered the 3rd Quarter Revenue Budget outturn report that a net budget saving of (-£59,000). The actual outturn (unaudited) for 2009/2010 is projected to be a net saving of (-£183,000). This represents a 0.14% saving against the £130.980m 2009/2010 budget. The projected outturn position is summarised below:

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Children, Families and Learning	1,797	1,461	-336
Social Care	0	131	131
Environment	-5	-57	-52
Regeneration	-733	-950	-217
Corporate Services	-326	-565	-239
Central Costs & Provisions	-792	-203	589
Total	(59)	(183)	(124)

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

Children, Families and Learning: (+£1,461,000)

5. The service outturn position was a net budget pressure of (+£1,461,000) after the use of (-£416,000) from the Social Services provision to meet demand led pressures as summarised below: -

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Commissioning & Resources	-396	-535	-139
Achievement	-211	-178	33
Young Peoples Services	37	-113	-150
Schools Budget	-6	14	20
Strategic management	0	-20	-20
Demand Led Contingency	-664	-664	0
Safeguarding	3,453	3,373	-80
Call on Reserves	-416	-416	0
Total	1,797	1,461	-336

6. **Commissioning and Resources: (-£535,000).** Catering had achieved a net saving of (-£67,000). This comprises increased meals income of (-£30,000) and additional milk grant of (-£45,000). Staff savings have increased to (£160,000) due to natural staff turnover of General Assistants whom have not been replaced. Additional energy and supplies and services costs of (+£13,000) and (+£41,000) have been incurred. The additional savings had removed the requirement for the service to call on the contribution from Direct Schools Grant (DSG) of (-£129,000) that was approved by Schools Management Forum (SMF) on 2nd July 2009.
7. There are savings of (-£27,000) within Performance and Planning primarily generated from staff savings and additional income. The MTLC had produced a staff saving of (-£10,000) and (-£43,000) additional income. The Governor Support service had net savings of (-£15,000) due to additional income from chairing meetings and savings on supplies and services.
8. The Children's Fund section has produced savings of (-£69,000) through phasing the tendering exercise for the new programme of commissioned services, with Phase 2 starting in February 2010 instead of October 2009.
9. The Commissioning and Contracting had identified a number of savings on supplies & services and by charging a percentage for management time to the Sustainability grant totalling (-£18,000). Additional savings of (-£5,000) have been achieved due to a member of staff not contributing to the pension scheme. A (-£3,000) shortfall in the reported supplies & services savings target was offset by (-£6,000) of additional staff savings.
10. Home to School Transport generated savings of (-£252,000). There was a reduction in costs of (-£106,000) due to the savings identified in the recent tender exercise for transporting pupils. The tender for Contract Buses was also lower than expected, resulting in a saving of (-£70,000). However, this was partly offset by additional costs of transporting pupils to Trinity College of (+£18,000).

11. Extended School Transport for pupils eligible to Free School Meals provided a saving of (-£46,000). Grant Income from the Learning & Skills Council (LSC) for Post 16 SEN Transport was (-£4,000) more than expected. Continual monitoring of the Bus Escort requirements along with a small reduction in sickness cover produced a saving of (-£11,000) in salary costs. Transfer of Fleet Services to CFL had produced a saving of (-£29,000). There were minor savings made on running costs totalling (-£4,000).
12. There was a saving within the Sure Start Childcare Sustainability Grant of (-£76,000) due to the low application rate for financial support from local childcare providers. The Local Authority had maintained a business calling programme with the private, voluntary and independent (PVI) sectors on a quarterly basis throughout 2009/10 and the application rate for the grant had not increased elsewhere.
13. **Achievement: (-£178,000).** The School Improvement service has achieved net savings of (-£129,000) from additional income and the maximisation of Standards Fund grant. The Attendance & Behaviour Support Team had savings of (-£20,000) of which (-£11,000) was on supplies and services and (-£9,000) on vacant posts. There were savings of (-£19,000) in Special Education Needs (SEN) Administration due to the transfer of the service to the Student Loan Company. Additionally staffing savings of (-£14,000) have been achieved within Education Psychology service. Area Based grant savings have contributed (-£54,000) towards the costs. The savings are offset by a pressure of (+£45,000) on the efficiency target for vacancies, (+£32,000) trading accounts, insurance and grant audit fees of (+£22,000).
14. **Young People's Services: (-£113,000).** There was a pressure on the Nautical Studies income budget of (+£28,000) and (+£4,000) on electricity charges. The income budget for Stainsacre was down by (+£45,000) and there was a long term sickness cover cost of (+£6,000). These pressures were partly offset by savings on the Connexions budget of (-£30,000), on staff vacancies and (-£21,000) on car allowances, car parking and printing and stationery. The service made an additional saving of (-£29,000) above the target for staff turnover. The maximisation of grant, additional income and staff savings across Youth and community teams, joint arrangements, outdoor centres, Children's trusts and teenage pregnancy unit have contributed savings of (-£139,000) to the service area.
15. **School Budget: (+£14,000).** The pressure of (+£14,000) was due to the costs of an industrial tribunal.
16. **Safeguarding: (+£3,373,000).** There was a net pressure (+£948,000) on the Assessment and Care Management service. There was a pressure on costs of child protection work from increased legal fees of (+£110,000) and a pressure of (+£78,000) on supplies and services. Additional pressures within the management and admin service were offset by a contribution of (-£159,000) from the corporate pay and prices contingency and the maximisation of grant.
17. Within the Locality Teams there was a pressure of (+£676,000) from the employment of agency staff (+£491,000) to cover vacant posts, demand led

pressures, car allowances, transport and premises costs. These pressures were offset by contributions of (-£36,000) and an additional saving of (-£89,000) from staff turnover.

18. The Children Looked after service had a net pressure of (+£2,933,000). There were savings of (-£245,000) on in-house fostering as a result of a reduction in the number of carers and placements. Payments to Independent Fostering agencies were a significant pressure of (+£1,406,000) due to the number of additional placements occurring during the year. This was the net increase in the costs after taking into account (-£793,000) of savings when placements that were projected to continue throughout 2009/10 ceased for various reasons.
19. At the start of the year there were 81 placements continuing from 2008/09; by the end of the year there was 113 placements. The activity over the year 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	115	3	1
February	114	0	1
March	113	0	1
Total	113	115	83

- The average weekly rate of an agency foster placement was £842. Based on the current placements the average annual cost was £37,206 per placement.
20. The fostering fee negotiations resulted in the majority of agencies agreeing no inflationary increase on fees. In addition 1 provider gave a reduction, 1 provider received 1% and 1 provider received a 2% uplift. This resulted in a saving of (-£123,000). There was also a (-£906,000) saving from placements that were projected to continue throughout 2009/10 but ceased for various reasons.
21. There was a net pressure on the Children's Agency Residential Schools of (+£1,762,000). The 2009/10 budget for Agency Residential Schools was £1,345,000. The final spend was £3,522,000 and the pressure increased by (+£92,000) from Quarter 3.

22. At the start of the year there were 21 placements continuing from 2008/09; there were 31 placements at 31st March 2010. The activity over the past twelve 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
January	30	0	1
February	32	2	0
March	31	0	1
Total	31	24	14

- Based on the current placements the average annual cost of a residential placement was £113,620.
23. The residential fee negotiations have resulted in the majority of providers receiving some form of uplift, which range from 1.5% to 3%. With 2 providers agreeing no uplift. This resulted in a saving of (-£58,000). There was also a saving of (£306,000) achieved when placements that were projected to continue to the end of 2009/10 ceased. Five Rivers had achieved a saving of (-£15,000) from a fee reduction.
24. The Family Support Services had a pressure on regular payments of (+£103,000) as a result of interim and care orders issued by the courts and on staffing costs of (+£52,000). This pressure was partly offset by savings of (-£9,000) within the Supervised Contact budget. Other Children's and Family Services achieved savings on the Adoption service of (+£60,000) on fee income from other LA's and on the Leaving Care Services staff of (-£90,000). The Admin Costs budget had a saving of (-£24,000) on room hire.
25. A number of Area Based Grants within this service area made savings of (-£143,000). A one off saving on the General Sure Start grant contributed (-£688,000) towards the service pressures.
26. **Provision for demand led pressures:** Within the overall CF&L budget there was a Demand Led contingency of £664,000. This was fully utilised. In addition the Council had set aside a provision to meet costs associated with the increased demand for 'Social Services' (Children & Adults). The outturn position includes a contribution of £416,000 to meet the net pressure across Safeguarding as a result of the increased places.

27. The level of bad debt provision for CFL had increased by (+£11,000). Each budget holder monitored the bad debts on a regular basis as part of the CFL Internal Budget Clinics process.

28. A breakdown of the service efficiency savings are detailed in Appendix B.

Social Care: (+£131,000)

29. The service outturn position was a net budget pressure of (+£131,000) after the use of (-£706,000) from the Social Services provision to meet demand led pressures as summarised below:-

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Older people with Mental Health	199	232	33
Physical disability / Sensory Impairment	37	-36	-73
Learning Disabilities	-92	-226	-134
Mental Health	-143	-184	-41
Other Adults Services	24	39	15
Adults Holding Accounts	-206	-177	29
Asylum Seekers	-87	-87	0
Ayresome Industries	342	224	-118
Domiciliary Care	-199	-140	59
Supporting People	-177	-153	24
Performance & Modernisation	-40	15	55
Service Strategy	-45	-43	2
Street Wardens	-9	-62	-53
Registrars	27	26	-1
Middlesbrough Safer Partnership	0	-1	-1
Repaid Direct Budgets	-317	-331	-14
Social Care Demand Led Provision	638	985	347
Bad Debt Provision	48	50	2
Total	0	131	131

30. **Demand Led Pressures: (+985,000):** A contingency provision of £428,000 was included in the Social Care budget to cover increases in demand in 2009/10. Approval was granted at the quarter one budget clinic to transfer a further allocation of £706,000 from the Social Care/Vulnerable Children demand led balance sheet reserve thus resulting in a total contingency budget of £1.134 million.

31. The actual cost of demand in 2009/2010 was £2.120 million, a net pressure of (+£986,000). In terms of numbers, this represents a net increase of 136 service users and 931 Personal Care hours per week since the budget was set. A summary of the movements in service user numbers during the year is shown below:-

RESIDENTIAL & NURSING

Period Ending	TOTAL	New Placements	Ceased Placements
From 08/09	734		
12/04/2009	712	78	-100
10/05/2009	702	9	-19
07/06/2009	737	52	-17
05/07/2009	744	30	-23
02/08/2009	750	33	-27
30/08/2009	759	27	-18
27/09/2009	779	29	-9
25/10/2009	779	19	-19
22/11/2009	773	30	-36
20/12/2009	777	19	-15
17/01/2010	767	27	-37
14/02/2010	765	13	-15
14/03/2010	769	43	-39
TOTAL	769	409	-374
Average unit Cost			£ 385.00
(Ranges from £319 - 835 per week net)			

Direct Payments + Personal Budget's

Period Ending	TOTAL	New	Ceased
From 08/09	387		
26/04/2009	381	19	-25
24/05/2009	405	37	-13
21/06/2009	413	15	-7
19/07/2009	421	19	-11
16/08/2009	440	25	-6
13/09/2009	443	16	-13
11/10/2009	443	7	-7
08/11/2009	450	23	-16
06/12/2009	453	13	-10
03/01/2010	449	2	-6
31/01/2010	464	21	-6
28/02/2010	472	11	-3
28/03/2010	484	18	-6
TOTAL	484	226	-129
Average unit Cost			£ 156.00
(Ranges from £319 - 835 per week net)			

ENABLEMENT & SUPPORT

Month	TOTAL	New Placements	Ceased Placements
From 08/09	6		
April	6	0	0
May	6	0	0
June	8	2	0
July	8	0	0
August	8	0	0
September	8	1	-1
October	8	0	0
November	8	0	0
December	8	0	0
January	8	0	0
February	8	0	0
March	10	2	0
TOTAL	10	5	-1
Average unit Cost		£	117.00

TOTALS	1263	640	-504
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32. A number of factors account for the increase of (+£348,000) between the quarter three outturn projection and the final outturn cost for demand. These include the following:-

- A net increase of 3 Learning Disability residential placements in the final quarter at a cost of (+£83,000).
- A net increase of 4 Direct Payments in the final quarter costing (+ £61,000).
- An increase in Respite Care and Short Stay placement costs in quarter four totalling (+£61,000). These costs are not reflected in movements in service user numbers as these placements by their very nature are for a short period of time and can commence and finish in the same quarter.
- A net increase of 3 placements for Older People with Mental Health issues at a cost of (+£36,000). This includes some back-dated costs relating to prior periods that weren't included in the quarter 3 projections.
- The cost of Older People residential placements has increased by (+£74,000) although the net number of placements has decreased by 9 compared to the Quarter 3 projection. Costs have increased because a significant number of placements in the fourth quarter included back-dated charges relating to prior periods. There were also a number of placements that started and finished in the fourth quarter. Although such placements can incur significant costs, they do not impact on the overall net movement of service user numbers between quarters

33. The service is reviewing the model currently used to predict the future cost of fluctuations in demand with the aim of improving the accuracy of outturn projections going forward.
34. **Older People: (+£232,000).** Efficiency savings from implementing Preferred Provider for Residential Care status were delayed in 2009/10 with a resultant pressure of (+£248,000). The number of service users purchasing the Carelink service had fallen significantly causing an income shortfall of (+£111,000). A further pressure of (+£51,000) occurred on the Direct Payments budget as the costs of care packages of existing service users increased.
35. Savings of (-£43,000) were made on the West Locality Team budget. A member of staff was seconded to a PCT funded post and the original post not back-filled. Further savings were made on Elderly Residential Care costs (-£19,000) due to the October Fair Price for Care uplift being lower than expected and on the service's contribution to management costs for the Integrated Occupational Therapy Service (-£32,000).
36. The level of void payments was lower than expected and a saving of (-£40,000) was made on the cost of OPMH block contracts. The receipt of unbudgeted income from the PCT produced a saving of (-£25,000) on OPMH Residential Care. A further saving of (-£28,000) was made on OPMH Day Care following the termination of a contract for the provision of care for service users with Alzheimer's.
37. **Physical Disabilities: (-£36,000).** Demand for Teesside Community Equipment Service equipment and adaptations declined significantly in the final two quarters of the year resulting in a saving of (-£71,000). This was partly offset by a pressure of (+£30,000) on the Direct Payments budget reflecting an increase in the cost of care packages for some existing service users.
38. **Learning Disabilities: (-£226,000).** Savings of (-£154,000) have been made on the Community Inclusion Team budget. This was the result of a number of posts being kept vacant pending the introduction of the complex needs day care service, the receipt of additional income contributions from the PCT towards the cost of care packages and reduced running costs. Savings were also made on Independent Supported Living (ISL) costs (-£78,000). Since the quarter three projection was completed, additional Supporting People, PCT and Independent Living Fund (ILF) income was also secured.
39. The negotiated inflationary uplift for Learning Disability Residential Care was lower than the budgeted rate producing a saving of (-£61,000). The receipt of unbudgeted ILF income has resulted in a further saving of (-£59,000) on Community Support costs. A proportion of the Beacon Reward Grant allocation (-£35,000) and LDDF fund (-£15,000) was used to offset pressures elsewhere within the Social Care budget.
40. The saving target for Continuing Health Care (CHC) was not achieved (+£91,000). In addition to this, unavoidable delays in identifying and gaining the agreements of individuals to move from out of area placements to Marton Road ISL has meant that the budgeted efficiency saving on Bringing People Back Home was not met in full (+£84,000).

41. **Mental Health: (-£184,000).** Difficulties in recruiting staff to fill vacant posts gave rise to savings of (-£89,000) on the Affective Disorder Team budget. Vacancies also led to savings of (-£70,000) on ISL costs. Further savings have resulted from the receipt of additional income from Section 117 and 17 stays at Sunningdale (-£44,000) and because the number of Deprivation of Liberty Assessments that needed to be carried out was lower than expected (-£48,000). An increase in supported accommodation charges for Section 117 service users created a budget pressure of (+£86,000).
42. **Other Adult Services: (+£39,000).** An increase in the length of stays for some service users with substance abuse issues caused a pressure on this budget.
43. **Street Wardens: (-£62,000).** Savings were made as a result of vacancies and lower than expected overtime payments. Savings were also made on equipment contract costs.
44. **Asylum Seekers: (-£87,000).** The costs associated with Failed Asylum Seekers were met from the NASS contract surplus leaving a net saving of (-£87,000). The balance of the NASS contract surplus of (-£285,000) has been carried forward to 2010/11 to cover on-going commitments in the next two years.
45. **Domiciliary Care: (-£140,000).** The receipt of additional income from service users resulted in a saving of (-£128,000) on Personal Care costs, plus additional savings on In house homecare and sitting services.
46. **Supporting People: (-£153,000).** The service used (-£164,000) from the Supporting People programme surplus to address revenue pressures in 2009/10. This was partly offset by a pressure of (+£10,000) on administration costs. The net surplus to be carried forward to 2010/11 after allowing for the above is (-£644,000). Projected savings on the supporting people budget was used to offset mainstream expenditure across the service.
47. **Adult Holding Accounts: (-£177,000).** Carers grant (-£147,000) and workforce development grant (-£86,000) allocations were earmarked to mitigate budget pressures across the directorate. The budgeted efficiency saving to be met from an alternative Direct Payment support service was not achieved due to the unsuitability of the tenders received for the contract (+£70,000).
48. **Performance and Planning: (+£15,000).** Redundancy costs for two employees resulted in a net pressure of (+£15,000).
49. **Ayresome Industries: (£+224,000).** The effect of the economic downturn on sales of UPVC windows and doors resulted in a net trading deficit of (+£446,000) for the workshop. The outturn position had worsened considerably since the quarter 3 projection as a number of contracts that were expected to take place in the final quarter had not commenced by the end of the year. A decision on the awarding of a contract worth £200,000 at the MTLIC has been deferred and there is no indication at this stage if this scheme will proceed in 2010/11. It had also been assumed in the quarter 3 projection that work would take place on a number of apartment blocks for Tees Valley Housing (TVHG) in the final quarter. Two pieces of work have now commenced in 2010/11 but the rest of the work has been deferred pending TVHG raising additional monies to fund it. This pressure has

been funded by a contribution from the Working Neighbourhoods Fund of (-£446,000)

50. A further pressure of (+£223,000) was incurred on the Ayresome Community Transport Service budget. This was a result of the delay in implementing a revised charging policy and substantial service charges from Fleet Management for which no budgetary provision was made. One-off costs incurred in setting up the new service have also exceeded the approved allocation from the Change Fund.
51. **Registrars: (+£26,000).** The number of ceremonies carried out in 2009/10 was lower than forecast with a fall in income as a consequence.
52. **Repaid Direct Payments: (-£331,000).** Significant levels of unbudgeted income were generated from the repayment of Direct Payment surpluses.
53. **Bad Debt Provision: (£+50,000).** The bad debt provision increased by (+£50,000). Current year debt over 101 days is falling.
54. A breakdown of the service efficiency savings are detailed in Appendix B.

Environment: (-£57,000)

55. The service outturn position was a net budget saving of (-£57,000). The outturn position is summarised below:

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Transport & Design	290	153	-137
Community Protection	-20	84	104
Streetscene	-265	-264	1
Management	-10	-30	-20
Total	-5	-57	-52

56. **Transport & Design: (+£153,000).** There was a saving on Design Services of (-£79,000) due mainly to an improved income position. There was a pressure of (+£24,000) on inspections in Cemeteries and Parks, which had been identified as high-risk areas. There was also a shortfall in income on the Transporter Bridge of (+£39,000).
57. There was a pressure of (+£32,000) on Christmas Decorations and a (+£40,000) pressure on the cost of street lighting maintenance. An over achievement of income relating to abandoned shopping trolleys of (-£13,000), savings of (-£16,000) on the Street Maintenance (former Trading) budget and (-£66,000) on the Highways Management budget offset some of the pressure. Additional net savings of (-£48,000) across other Highways budgets further reduced the pressures.

58. There was a saving of (-£41,000) on Management and Admin running expenses. There was a shortfall in Parking Solutions income of (+£220,000), coupled with a pressure of (+£77,000) on expenditure for essential repairs and maintenance. There was a net saving of (-£69,000) on Road Safety and Traffic as a result of staff vacancies.
59. 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 resulted in additional pressures of (+£59,000). The pressures have been partly offset by staffing savings of (-£80,000).
60. **Community Protection: (+£84,000).** Continued poor attendance at North Ormesby Market resulted in a pressure of (+£26,000). Staff savings of (-£141,000) offset this pressure across the service. Community Safety budget projects net savings of (-£37,000) from vacancies.
61. There was a significant reduction in fees & Charges income from reduced attendances across leisure venues (+£445,000), including in particular pressures of (+£54,000) on Southlands Outdoor Pitch, (+£112,000) on Golf Centre income and closures at Neptune. The fees and charges income budgets for Sport and Leisure were £3,200,000.
62. There were pressures from high long term sickness levels at the Rainbow Centre and the Golf Centre (+£140,000). Also there had been a need to make provision for a bad debt relating to the ex Golf Centre Professional (+£20,000). Expenditure was reduced as far as possible whilst still maintaining the service. These pressures are offset by staff savings of (-£196,000) and savings on other expenditure of (-£172,000).
63. **Streetscene: (-£264,000).** There was a pressure of (+ £24,000) on Parks & Open Spaces from lower attendance due to the adverse winter weather, and the cost of essential works, which were required for health and safety reasons. Area Care made a saving of (-£230,000), as a result of additional work generating increased income.
64. There was a pressure on the Waste Collection budget of (+£335,000). This was partly due to the under-achievement of the efficiency saving for the charging for replacement wheelie bins (+£60,000). Also the ageing fleet of refuse vehicles, required high vehicle repair costs & hire costs of replacement vehicles (the refuse vehicles are due to be replaced in 2010/11). Collection rounds took much longer than usual due to the adverse winter weather, resulting in additional fuel and overtime costs. The pressure on Waste Collection was partly offset by a net saving on the Waste Disposal running costs budget of (-£77,000).
65. There was a saving of (-£101,000) on the Business Development Unit, due to 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.

66. There was a saving of (-£100,000) on Fleet Services from operational efficiencies including lower than expected costs of the Cargo Fleet Lane Custodian Depot.
67. Following the increased throughput of internal work, the pressure on Building Works had reduced to (+£18,000) by the year-end. This pressure was offset by a surplus on Building Cleaning and Security of (-£151,000). There was a saving of (-£11,000) on the Public Conveniences budget and a pressure of (+£29,000) as a result of one off equipment replacement costs at Albert Park Café.
68. **Strategic Management: (-£30,000).** There was an expected saving of (-£80,000) on the Directors budget due to the post being vacant part of the year and the PA post being vacant until August. There was a saving on the Director's Projects budget of (-£7,000) These savings have been offset by pressures of (+£25,000) relating to the un-achieved efficiency target for the transfer from weekly to monthly pay and additional support and staffing costs of (+£32,000).
69. A reduction of (-£3,000) was made to the bad debt provision.
70. A breakdown of the service efficiency savings are detailed in Appendix B.

Regeneration: (-£950,000)

71. The service outturn position was a net budget saving of (-£950,000). The outturn position was summarised below:

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Development	-644	-878	-234
Economic Development, Cultural & Community Regeneration	18	23	5
Libraries	-161	-188	-27
Executive Director	0	0	0
Museums	-5	93	98
TVR Wind up costs	43	0	-43
Bad Debt Provision	16	0	-16
Total	-733	-950	-217

72. **Development: (-£878,000).** There was a pressure on the Development Control service of (+£103,000) due to an under achievement of income (+£66,000) against the target. The service had been affected by the economic downturn and there was a noticeable downturn in applications received in the final quarter of the year. There were also pressures (+£37,000) due to staff abatement target, planning enquiries and other running expenses.
73. There was a saving on the Building Control service of (-£24,000) with additional fee income from the Building Schools for the Future project work (-£13,000) and savings on the supplies budget of (-£11,000).

74. There was a net pressure of (+£19,000) on the Urban Policy Team / Stockton and Middlesbrough Initiative budgets due to costs associated with the disposal of Acklam Hall offset by the recharge of staff to external shared partner arrangements.
75. The costs incurred on the Local Development Framework have been met by the Housing Planning Delivery Grant saving (-£117,000). The Housing Planning Delivery Grant also contributed (-£264,000) to the outturn after ensuring there was sufficient funding available for ongoing staffing commitments for major regeneration projects and to ensure performance targets are achieved.
76. There are savings of (-£89,000) on the Regeneration Programmes Team budget due to staff vacancies, recharging of staff time to external shared partner arrangements and on supplies and services. There was also a saving (-£447,000) on the 2009/2010 allocation for the Area Based Grant - Working Neighbourhood Fund.
77. There are savings of (-£58,000) on the Strategic Housing Service budget. There are net staff savings after meeting costs of acting-up arrangements and abatement targets of (-£88,000) due to vacant posts, maternity leave, officers on temporary secondment, recharging of staff to externally funded projects to maximise grant income and ensure appropriate management fees for existing service provision. There were savings on the homelessness budget of (-£20,000) and savings of (-£19,000) on other supplies and services. The savings have been a reduced by a pressure of (+£9,000) on income from housing association fees.
78. **Economic Development, Culture & Community: (+£23,000).** Within the Economic Development, Business Support and Town Centre Teams there were net staff savings of (-£20,000) due to vacant posts and members of staff not being in the Local Government Pension Scheme. There were savings of (-£49,000) on running costs after meeting costs for the wind up of Tees Valley Regeneration.
79. The re-structure within Community regeneration was completed and generated staff savings of (-£64,000) due to recharging of staff to externally funded projects to maximise grant income. This was offset by pension costs / retirement packages as part of the restructure (+£102,000). There was a saving on the Cohesion budget of (-£40,000) due to maximising external funding resources. There was savings on the running expenses budget of (-£10,000).
80. Within the Enterprise Centres there was a pressure of (+£124,000) due to the under achievement of income. The reasons for the pressure are vacant units at the Vanguard Suite, Multi Media Centre, Beresford Buildings and Southlands Managed Workspace as businesses have reached the highest rent level and there are problems in re letting the units in the present economic climate. There was a pressure of (+£33,000) due to an increase in the provision for bad debts and there were savings of (-£11,000) on running costs.
81. Within Cultural Services there was a saving on the staffing budget of (-£31,000). The service had made a saving of (-£14,000) from additional income being achieved at the Town Hall, Theatre and Tourist Information Centre. There was a saving of (-£12,000) on the classical music development budget due to the winding up of the Platform Tees Valley agency. There was a pressure of

(+£15,000) as an agreement for a reduction in admin support at the Tourist information Centre was not finalised.

82. **Museums and Galleries: (+£93,000).** There was a major pressure on MIMA relating to the problems with the cooling system in the MIMA building (+£47,000). Legal Services are reviewing contracts to ascertain if the costs can be recovered from the suppliers. There was also a pressure on the exhibitions budget (+£43,000) due to a shortfall in external funding and a pressure on the casual staffing budget of (+£32,000). There was a pressure of (+£6,000) due to the under achievement of income in the shop, café and corporate hires at MIMA. These pressures were partly offset from savings in MIMA utilities costs (-£32,000) and running expenses (-£10,000). There was a pressure on the running expenses budgets of (+£7,000) for Captain Cook and Dorman Museums.
83. **Libraries: (-£188,000).** There are net savings of (-£175,000) due to staff turnover and vacant posts, this was after meeting the abatement target and costs for temporary register and casual staff. There were savings on the supplies and services budget of (-£20,000) and a pressure of (+£11,000) due to the under-achievement of income. There was a saving on the Archives service to Middlesbrough of (-£4,000) due to the Chief Archivist post being vacant for the whole of the year.
84. A breakdown of the service efficiency savings are detailed in Appendix B.

Corporate Services: (-£565,000)

85. The service outturn position was a net budget saving of (-£565,000). The outturn position is summarised below:

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Legal & Democratic Services	-109	-177	-68
Strategic Resources	-27	-176	-149
Performance & Policy	-189	-204	-15
Chief Executive's Office	-11	-30	-19
Corporate Services Recharges	0	22	22
Corporate Services Bad Debt	10	0	-10
Total	-326	-565	-239

86. **Legal & Democratic Services: (-£177,000).** Savings on Legal Services' Senior Management (-£22,000) and Welfare (-£38,000) budgets were principally the result of vacant posts. The receipt of additional income for licensing work in the fourth quarter gave rise to a saving of (-£29,000) on the Common Law budget.
87. Pressures of (+£61,000) were incurred on General Services' budgets principally due to the cost of essential law publications. Property & Regeneration fees income was lower than expected (+£11,000) reflecting the impact of the economic downturn on property sales. Fee income did increase in the final quarter however and the net pressure was significantly lower than that forecast in the quarter three projection.

88. The costs incurred on a long inquest gave rise to a pressure of (+£37,000) on the Coroner's budget.
89. Savings of (-£52,000) were made on Members' costs. This included savings on special responsibility allowances, car allowances and course fees. Significant budget savings were made on the Scrutiny Team (-£33,000), Governance Team (-£31,000), General Services (-£16,000) and Members' Development (-£15,000) costs.
90. The cost of essential accommodation refurbishment work carried out in 2009/10 had been met from the savings achieved within Members' Services. The cost of this work of (+£43,000) was significantly lower than the quarter three projection.
91. **Strategic Resources: (-£176,000).** Savings on Strategic Accountants (-£37,000) and Loans and Investment (-£32,000) and Asset Management budgets (-£58,000) were principally the result of vacant posts. A further saving of (-£50,000) was achieved on Commercial Property budgets, lower than predicted maintenance costs being a contributory factor.
92. The amount of Housing Benefits administration grant payable to Mouchel was reduced as a result of staff vacancies and this was the main reason for a net saving of (-£38,000) on Housing Benefits budgets. In addition to this, approved spending from the Corporate Initiatives fund was (-£68,000) lower than the budgeted level. This represents an improvement from the outturn projection at quarter three and was mainly due to spending on CADCAM and Middlehaven Parking Charges being lower than previously forecast.
93. Increased costs from transaction charges on payments via the internet and debit/credit cards and the costs of carrying out the single person discount review are the main reasons for a pressure of (+£76,000) on the Council Tax collection budget. A further pressure of (+£47,000) resulted from the requirement to employ agency staff to cover for vacant posts in the Internal Audit Section.
94. **Performance & Policy: (-£204,000).** Savings of (-£171,000) were made on the Performance and Policy budget, mainly on staffing costs. A number of posts across the section were kept vacant in order to achieve the section's efficiency target and some remained vacant for longer than originally forecast. Two posts within Partnership Information & strategy currently remain vacant but all other posts have now been filled. Savings were also made on the Performance Management & Diversity (-£50,000), Human Resources (-£33,000) and Corporate Training (-£28,000) budgets. Budget pressures occurred on Occupational Health (+£31,000) and CRB check (+£22,000).
95. **Chief Executives Office: (-£30,000).** Savings on staffing costs due to vacant posts and on the Chief Executive's Initiatives budget are the main reasons for the net saving of (-£30,000).
96. **Corporate Services Recharges (+£22,000).** Income generated from charges to the Pension Fund, Designated Authority and other non general fund services for central support costs was slightly below the budgeted level.

97. A breakdown of the service efficiency savings are detailed in Appendix B.

Central Costs and Provisions: (-£203,000)

98. The outturn position was a net budget saving of (-£203,000) on Central Costs and Provisions. The outturn position and variance are summarised below:

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Pay & Prices	-778	-1,100	-322
Job Evaluation	140	199	59
Capital Financing	555	593	38
Custodian Properties	15	12	-3
Right to Buy Receipts	142	142	0
Ex Trading Services	-138	-124	14
Designated Authorities	-23	-19	4
Other	49	1	-48
Unfunded Pensions	-227	-230	-3
Urban Programme Grant	-125	-125	0
Vat Claims	-665	-224	441
Levies	-9	-9	0
Contributions To / From Reserves	999	2	-997
NNDR Discretionary Relief	0	34	34
Winter Maintenance*	350	300	-50
PSA Reward Grant	-1,000	0	1,000
Delapidations Gurney House	-77	-77	0
WNF Contributions From Reserves	0	-578	-578
Total	-792	-1,203	-411

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

99. It is proposed to supplement the following reserve:

	£'000
Invest to Save/Change Programme	1,000
	<hr/>
	1,000

100. **Efficiency Savings:** The Council had embedded within its budget monitoring procedures reporting on efficiency savings. The Council under achieved on its efficiency savings target by (+£425,000). The table below summaries the 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.

Balance Sheet Management

101. **Reserves / Provisions:** The table below summarises the movements on reserves and provisions for 2009/2010. A detailed breakdown of the movements was shown in Appendix C - Reserves and Appendix D -Provisions.

	31 March 2009 £'000s	Receipts in Year £'000s	Payments in Year £'000s	31 March 2010 £'000s
School Reserves	4,826	0	-140	4,686
Investment Reserves	948	0	-3	945
Specific Revenue Reserves	11,204	7,009	-9,405	8,808
Provisions	5,231	693	-1,847	4,077
Total	22,209	7,702	- 11,395	18,516

102. **Bad Debt Provision:** The Council's intention was to link was budget monitoring with its Balance Sheet Management. The first stage in this process was 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 outturn position: -

	Bad Debt Provision 31/03/2009 £000's	Bad Debt Provision 31/03/2010 £000's	Increase / Decrease £000's
Children, Families and Learning	211	222	11
Social Care	467	517	50
Environment	445	442	-3
Regeneration	323	353	30
Corporate Services	325	325	0
Total Bad Debt Provision	1,771	1,859	88

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

EQUALITY IMPACT ASSESSMENT

104. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

105. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

106. A net budget saving of (-£183,000) was forecast within general fund services for the year as summarised below:

	Qtr 3 Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Children, Families and Learning	1,797	1,461	-336
Social Care	0	131	131
Environment	-5	-57	-52
Regeneration	-733	-950	-217
Corporate Services	-326	-565	-239
Central Costs & Provisions	-792	-203	589
Total	(59)	(183)	(124)

107. A statement of revenue balances was set out below: -

	General Fund £'000s
Opening Balance	5,539
Add:	
Forecast Net Saving	183
Estimated balance as at 31st March 2010	5,722

RECOMMENDATIONS

108. Members of the Overview & 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:-

- 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 2008.
- Quarter 3 Consolidated Revenue Budget Outturn 2nd March 2010

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