

MIDDLESBROUGH COUNCIL

Overview and Scrutiny Board

1st Quarter Revenue Budget Projected Outturn

Director of Strategic Resources

2 September 2010

PURPOSE OF THE REPORT

1. To present to the Overview and Scrutiny Board an estimate of the annual projected outturn for 2010/2011 based on the first quarter review of revenue expenditure against the current years Revenue Budget.

SUMMARY OF RECOMMENDATIONS

2. Overview and Scrutiny Board are asked to: -
 - a) Note and consider the contents of report

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£75,000)
It has a significant impact on 2 or more wards
Non Key

DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

If urgent please give full reasons

BACKGROUND AND EXTERNAL CONSULTATION

5. The Council on the 8th March 2010 set its revenue budget at £133.575 million for 2010/2011. A Council Tax increase of 2.5% for Middlesbrough Council was approved.
6. In setting the 2010/2011 budget, approximately £5.9 million of efficiency savings were identified. The Council approved an extra £7.2 million for key services; including:
 - £3.1 million for Children Families and learning
 - £3.7 million for Social care for older people and disadvantaged groups
 - £0.4 million for Environment, Highways and Transport
7. The projected outturn position for 2010/2011 is a net budget saving of (-£429,000). This represents a 0.32% saving against the £133.575 million 2010/2011 budget. The projected outturn position is summarised below:

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	23,830	24,894	1,064
Social Care	39,156	38,932	-224
Environment	24,482	24,793	311
Regeneration	9,197	9,061	-136
Corporate Services	26,519	26,197	-322
Central Costs & Provisions	10,391	9,269	-1,122
Total	133,575	133,146	(429)

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

Children, Families and Learning: (+£1,064,000)

8. The service predicts a net budget pressure of (+£1,064,000) at the end of the 1st quarter. The projected outturn position is summarised below: -

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Commissioning & Resources	4,192	4,139	-53
Achievement	5,491	5,414	-77
Young Peoples Services	1,417	1,407	-10
Schools Budget	75,329	75,329	0
Strategic management	-77	3	80
Demand Led Contingency	275	0	-275
Safeguarding	18,836	20,415	1,579
DSG	-81,633	-81,633	0
Inflation funding	0	-180	-180
Total	23,830	24,894	1,064

9. **Commissioning and Resources: (-£53,000)** Net savings on taxi contracts across Home to School Transport are estimated at (-£10,000). Staffing related savings of (-£14,000) are estimated within ITC and Document management sections. The MTLC are forecasting a net pressure of (+£10,000) as a result of a back dated rates bill. An additional salary pressure of (+£28,000) has been identified within Planning and Places. The restructure of this service area will achieve additional savings of (-£67,000) above the efficiency savings target.
10. **Achievement (-£77,000)** A revised pay structure instigated by the Soulbury Committee has produced a pressure of (+£18,000) which was backdated to September 2009. This pressure will be funded from the central Pay and Prices contingency. There are savings of (-£7,000) relating to the cost of appointing a trainee psychologist.
11. A reduction in school buy backs has resulted in a forecast pressure of (+£4,000) within the Attendance Behavior and Support Team. The restructure of this service area will achieve additional savings of (-£90,000) above the efficiency savings target.
12. **Young People's Services: (+£10,000)** The distribution of Voluntary Sector Grants has been frozen producing a saving of (-£82,000). A shortfall in income for Stainsacre is estimated to produce a pressure of (+£80,000). A review was completed in 2009/10 with the proposal to close the centre as it is not sustainable in its current form.
13. The service has not achieved the target efficiency for 2010/11 creating a pressure of (+£74,000). The restructure of this service area has fallen short of the efficiency savings target by (+£36,000). This is offset by additional savings from the vacancy freeze of (-£42,000).
14. **Strategic Management: (+£80,000)** The service has not achieved the target by (+£80,000) for 2010/11. This is in relation to the administrative review across CFL.
15. **Demand Led Contingency: (-£275,000)** This budget will be used to partly offset the pressures within Safeguarding as detailed below.

16. **Safeguarding: (+£1,579,000)** The restructure of this service area has fallen short of the efficiency savings target by (+£337,000) and the savings from the vacancy freeze are projected to be (+£61,000) below target.
17. The Management & Admin section is projecting a net pressure of (+£296,000). Legal Fees are expected to produce a pressure of (+£250,000). This is due to the increase in fee charges and the high level of demand being experienced. The increase in fee charges pressure of £162,000 will be funded from the central Pay and Prices contingency. . Further pressures of (+£38,000) are also expected on supplies and services
18. The Review and Development unit are projecting a pressure of (+£100,000) relating to the anticipated costs of chairing Independent reviews on child protection cases and (+£22,000) on additional administration support. A pressure of (+£59,000) is projected within the Locality Teams primarily as a result of car allowances (+£46,000) and other running expenses (+£13,000).
19. Employee costs across the service are showing a saving of (-£325,000), however these are offset by the cost of employing agency staff to cover vacancies.
20. The Children Looked after section has a net pressure of (+£731,000). There are projected savings of (-£176,000) on in-house fostering as a result of a reduction in the number of carers and placements. Recent investment in in-house foster carers has resulted in 19 new placements. Recruitment is currently on-going
21. Independent Fostering agencies budget is currently projecting a pressure of (+£371,000). There are currently 111 placements. Of this 104 are full time placements and 7 are respite placements. This pressure is subject to change as it is a demand led service. The breakdown is included in the following table:

Month	Placements Start of Month	New Placements	Ceased Placements	Placements End of Month
April	109	4	-4	109
May	109	6	-4	111
June	111	6	-6	111

22. There is a net pressure on Children's Agency Residential Schools of (+£512,000). There are currently 35 residential placements, which are shown in the following table:

Month	Placements Start of Month	New Placements	Ceased Placements	Placements End of Month
April	31	3	0	34
May	34	3	-1	36
June	36	3	-4	35

23. The Children Looked After service is projecting a pressure of (+£14,000) in relation to public transport cost for children in care placed out of area.
24. The Family Support Services is projecting a net pressure on regular payments of (+£140,000) as a result of interim and care orders issued by the courts. This pressure is partly offset by savings of (-£65,000) on Section 17 payments. The Leaving Care Service budget is forecasting a saving of (-£19,000) as a result of young adults leaving the fostering system.
25. There are net pressures on the Stainsby (+£65,000) and the Bright Stars (+£40,000) Nurseries from a shortfall in income. These pressures are offset by net staffing savings across Sure Start (-£196,000).
26. **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 service requests the allocation of £432,000 to meet the net pressure across Safeguarding as a result of increased places.
27. A detailed breakdown of the efficiency savings are shown in appendix B
28. An update on the CFL actions required from 2009/2010 quarter three budget clinic is shown in appendix C.

Social Care: (-£224,000)

29. The service predicts a net saving of (-£224,000) at the end of the 1st quarter as summarised below: -

	Budget 2010/2011 £'000s	Estimated 1st Qtr Outturn £'000s	Variance £'000s
Older people with Mental Health	14,228	14,377	149
Physical disability / Sensory Impairment	4,520	4,450	-70
Learning Disabilities	9,011	8,763	-248
Mental Health	2,865	2,916	51
Other Adults Services	136	136	0
Adults Holding Accounts	-674	-945	-271
Asylum Seekers	109	109	0
Ayresome Industries	1,202	1,400	198
Domiciliary Care	3,111	2,907	-204
Supporting People	0	-546	-546
Performance & Modernisation	1,839	1,848	9
Service Strategy	529	532	3
Street Wardens	1,512	1,473	-39
Registrars	104	107	3
Repaid Direct Budgets	-568	-688	-120
Social Care Demand Led Provision	1,232	1,242	10
ABG Savings	0	825	825
Bad Debt Provision	0	26	26
Total	39,156	38,932	-224

30. **Older People: (+£149,000)** A delay in implementation to preferred provider status has resulted in the efficiency target of (+£134,000) not being achieved. Savings of (-£52,000) on the cost of new care packages have partly offset this pressure. Take up of the Carelink service is improving following last year's service review but it is still below the budgeted levels and a pressure of (+£144,000) is predicted. The pressure is partly offset by staffing savings of (-£35,000).
31. Projected staffing savings of (-£53,000) are forecast across the service area. These are partly offset by pressure of (+£17,000) on the abatement target for the East Locality Team and (+£13,000) on Older People residential costs.
32. The Direct Payments budget is projecting a saving of (-£14,000) as a result of changes in the cost of care packages.
33. **Physical Disabilities: (-£70,000)** A saving on Direct Payments of (-£48,000) is expected as a result of additional income from the PCT. Savings on staffing within the service are forecast to be (-£14,000) and on supplies & services (-£8,000).
34. **Learning Disabilities: (-£248,000)** The Community inclusion team budget is projecting savings of (-£117,000) on staffing costs, (-£15,000) additional income and on running costs of (-£15,000).
35. There is a forecast saving on the Independent Supported Living provider rates of (-£147,000), additional income of (-£52,000) from PCT's and backed dated receipts from service users of (-£57,000). These savings are offset by pressure of (+£118,000) due to increased costs associated with current service users. Savings of (-£29,000) are forecast on the cost of Direct Payments as a result of additional income from the PCT. Savings of (-£15,000) have been identified within the learning disability development fund.
36. A number of savings on supplies and services totalling (-£15,000) have been identified on Community Support costs. Savings are also forecast for the Forwards Team (-£10,000) due to staff vacancies.
37. The continuing delay in the building works for the Integrated Short Breaks Service at Levick has meant that service restructure has yet to be implemented and the efficiency target is unlikely to be achieved resulting a pressure of (+£69,000). This is partially offset by estimated savings from vacant posts of (-£20,000).
38. There is a pressure on the Learning Disability Day Centre budget. Whinstone Training spot contracts have increased significantly since January 2010, after the 2010/11 budget was set and a pressure of (+£40,000) is projected. This is partially offset by expected savings on transport costs (-£11,000) as the cost of taxi fares to take service users to and from the Day Centre has decreased markedly. Residual costs relating to 2009/10 and an increase in the cost of a care package for an existing service user are the main reasons for a projected pressure of (+£32,000) on Residential placement costs.
39. **Mental Health: (+£51,000)**. An efficiency saving target was included in the 2010/11 budget to reflect a reconfiguration of services at Sunningdale Road to meet assessed demand. The review of services has yet to be undertaken resulting in a pressure of (+£133,000). The amount of income received from Middlesbrough PCT for section 17 and 117 cases is lower than was expected producing a pressure of

(+£31,000). The review of the Mental Health Rehabilitation and Recovery services has yet to be completed creating a pressure of (+£22,000).

40. The number of Deprivation of Liberty assessments carried out has been lower than expected and a saving of (-£37,000) is forecast.
41. Total approved IMCA grant funded spending is lower than the total 2010/11 allocation. The balance of (-£44,000) will be used to offset anticipated budget pressures across the Directorate. Savings have also been identified on the Forensic Team (-£33,000) and Psychosis Team (-£15,000) from staff vacancies and maternity leave.
42. **Supporting People: (-£546,000)** It is anticipated there will be a surplus of (-£546,000) on the Supporting People main programme in 2010/11. This will be used to contribute towards the Directorate's overall outturn position and help achieve additional savings.
43. **Ayresome Industries: (+£198,000)** The economic downturn is continuing to effect sales at the workshop, particularly in relation to UPVC window and door production. An additional £158,000 was included in the workshop budget for 2010/11 to reflect the impact on trading performance. Sales have continued to fall however. When setting the budget, a sales target of £1,266,600 was assumed but based on the level of sales to date, annual sales for 2010/11 are estimated at £700,000. After reducing material purchases and other costs a net pressure of (+£212,000) is forecast. The service are looking to diversify the range of work undertaken by Ayresome Industries staff and reduce the reliance on sales of doors and windows to cover operating costs.
44. There is a significant pressure reported on the Ayresome Community Transport Service (ACT) budget in 2009/10 mainly as a result of lower income and substantial Fleet Management charges. An additional £160,000 was allocated to ACT in 2010/11 to reflect this and a saving of (-£15,000) is currently forecast mainly as a result of staff vacancies. The introduction of the Integrated Transport Unit (ITU) was due to commence in June 2010 but is now likely to be delayed until October.
45. **Street Wardens (-£39,000).** A net saving of (-£39,000) is forecast on the Street Wardens staffing costs.
46. **Asylum Seekers: (-£nil)** The department is forecasting a surplus of (-£212,000) for 2010/11. The service are proposing to carry forward this funding to cover the following commitments in 2011/2012.

• Remaining 1 year lease costs of the Resource & Initiative Centre	90,000
• Case Resolution Directorate Programme	122,000
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	212,000

47. **Personal Care: (Domiciliary) (-£28,000)** The receipt of additional service user contributions towards Personal Care packages is expected to give rise to savings of (-£46,000). This is partly offset by pressures of (+£22,000) relating to outstanding 2009/10 payments. There is a small savings of (-£4,000) on sitting services.

48. **Home Care: (Domiciliary) (+£176,000)** Savings on staffing costs across the service division following the review of the provision of internal Domiciliary Care are expected to exceed the budgeted efficiency target of £512,000 by (-£47,000). Further savings on staff costs from vacant posts and savings on pension costs of (-£129,000) are forecast.
49. **Adult Holding Accounts: (-£271,000).** There are uncommitted balances on Workforce Development (-£130,000), and Carers (-£69,000) and on the Social Care Reform grant of (-£115,000) grant allocations. Staffing cost savings on the Adult Protection Team are estimated at (-£17,000).
50. Efficiency savings totalling £119,000 have been built into the 2010/11 budget for the Direct Payment management fee. This was based on savings expected from terminating the contract with A4E in April and using an alternative service provider. The contract with A4E will cease in October and there will only be a part year effect of this efficiency saving in 2010/11 with a projected pressure of (+£60,000).
51. An estimated surplus of (-£20,000) is predicted for the Local Involvement Network (LINK) grant at the end of the year. This is fully committed in 2011/12 as delays in agreeing the contract has resulted in the last two months of the annual contract falling in the following financial year and the service is requesting that the funding is carried forward.
52. **Performance and Planning (+£9,000).** There is a pressure on User/Carer Support resulting from the need to employ 3 additional staff to deal with the Direct Payments administration work from October 2010 that was previously undertaken by A4E. The pressure is partly offset by staffing savings of (-£23,000)
53. **Registrars: (+£3,000).** Minor pressure on running costs of (+£3,000).
54. Demand led Budgets: (+£10,000). The cost of increases in demand across the service in quarters 2 to 4 is estimated at £1,242,000. The remaining internal budget set aside for the cost of increases in demand for the rest of the year is £1,232,000. A net pressure of (+£10,000) is forecast.

Social Care Demand Led Pressures 2010/11

Client Group(£000)	Budget (£000)	Projection (£000)	Variance (£000)
Older People	480.0	485.8	5.8
Learning Disabilities	407.1	527.5	120.4
Physical Disabilities	271.9	305.0	33.1
Mental Health	97.9	82.2	-15.7
Personal Care	280.8	147.4	-133.4
TOTAL	1,537.7	1547.9	10.2

RESIDENTIAL & NURSING			
PERIOD ENDING	TOTAL	New	Ceased
From 09/10	778		
11/04/2010	764	86	-100
09/05/2010	780	41	-25
06/06/2010	785	33	-28
TOTAL	785	160	-153

Average unit Cost £ 394.00
(Ranges from £322 - 785 per week net)

DIRECT PAYMENTS + PB'S			
PERIOD ENDING	TOTAL	New	Ceased
From 09/10	479		
25/04/2010	484	37	-32
23/05/2010	481	9	-12
20/06/2010	458	9	-32
TOTAL	477	84	-86

Average unit Cost (net) £ 155.00

ENABLEMENT & SUPPORT			
PERIOD ENDING	TOTAL	New	Ceased
From 09/10	59		
April	58	6	-7
May	56	0	-2
TOTAL	56	6	-9

SUPPORTED TENANCIES			
PERIOD ENDING	TOTAL	New	Ceased
From 09/10	132		
April	134	7	-5
May	134	0	0
TOTAL	134	7	-5

TOTALS	1452	257	-253
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55. **Repaid Direct Payments (-£120,000).** Budgetary provision of -£568,000 was included in the 2010/11 budget for the repayment of Direct Payment surpluses, following a review of the policy. Approximately 110 of 530 reviews have been completed and base on these a surplus of (£120,000) above budget is projected.
56. An additional (+£26,000) has been set aside for the increase in the provision of bad debt.
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 three budget clinic is shown in appendix C.

Environment: (+£311,000)

59. The service predicts a net saving of (+£311,000) at the end of the 1st quarter. The projected outturn position is summarised below:

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Transport & Design	7,622	7,776	154
Community Protection	3,836	3,983	147
Streetscene	12,652	12,662	10
Management	372	372	0
Total	24,482	24,793	311

60. **Transport & Design: (+£154,000).** The Highways Engineering Services are projecting a pressure from a shortfall in income of (+£10,000) relating to the Transporter Bridge. There is a pressure of (+£50,000) on the street lighting maintenance contract. Part of the pressure relates to prices inflation of £10,000 and this will be covered by the an allocation from the Pay & Prices contingency. There is a projected saving of (-£44,000) on staffing costs for Management and Administration.
61. There is a projected net shortfall in income of (+£22,000) on Parking Solutions long stay income and parking enforcement. This is partly offset set by increased income from “on-street” parking. Road Safety and Traffic are projecting a net saving on staffing of (-£62,000) which is partly offset by a (+£34,000) pressure in relation to the Speed Camera partnership costs and a shortfall in income of (+£14,000).
62. There are un-achieved efficiency savings relating to the Bus Station review of operating arrangements (management / security / cleaning / CCTV) totalling (+£77,000). Income shortfalls, maintenance pressures and outstanding subsidy payments have resulted in additional pressures of (+£98,000). The pressures have been partly offset by net staffing savings of (-£35,000).
63. **Community Protection: (+£147,000).** Continued poor attendance at North Ormesby Market is producing a pressure of (+£20,000) and is an ongoing concern. There are income pressures of (+£13,000) on Pest Control, due to a fall in demand for the service, and (+£20,000) on Abandoned Vehicles due to a reduction in the number of vehicles collected. The pressure of (+£7,000) on the Dog Warden due to an above inflationary increase on the cost of kennelling fees for stray dogs will be covered by the an allocation from the Pay & Prices contingency. There is a pressure of (+£10,000) on the Street Trading income target within Other Licensing.
64. These are offset by savings on staffing of (-£8,000) on Food Health & Safety, (-£10,000), on Private Sector Housing, and on Additional Enforcement (-£28,000). There is also a saving of (-£10,000) on Environmental Sustainability due to withdrawal from the ‘Forum for the Future’.
65. The Sport and Leisure service is projecting a net pressure of (+£140,000) for the year. There is a pressure of (+£100,000) on the Golf Centre, due to the underachievement of income. A review is currently taking place. Confirmation has been received that the government grant funded Free Swimming Initiative will cease from the end of July 2010, resulting in an anticipated pressure on income of (+£40,000) in 2010/11.

66. There is an expected shortfall on income of (+£50,000) relating to Southlands Outdoor Pitch, due to the regular closures because of its poor condition. There is also a income shortfall of (+£200,000) on courses, Bars and Catering and Health Suites at the Neptune, Rainbow and Southlands centres. This pressure is offset by (-£200,000) savings on supplies and services across the service.
67. There are however savings of approximately (£5,000) following the closure of Ormesby Sports Complex and (£15,000) over and above the 2010/11 efficiency target following the closure of leisure crèche facilities.
68. **Streetscene: (+£10,000).** There is a pressure of (+£20,000) for Parks & Open Spaces in relation to the efficiency saving for increasing allotment charges.
69. There are significant pressures on Waste Collection of (+£140,000). Part of this pressure relates to the efficiency target for charging for replacement wheelie bins (+£60,000). Demand for replacement bins has not reduced adding to the pressure in this area. The pressure is expected to be offset by additional income secured by Area Care.
70. A break-even position is projected for Business Development Unit. The uncertainty over the future of the LAT's scheme may impact on Environment Division ability to achieve the efficiency target proposals for 2011/12 and 2012/13 in respect of LATS sales to Merseyside Waste Authority. A small saving of (-£10,000) is currently projected for Fleet Services on supplies and services.
71. A break-even position is projected overall for Waste Management (Waste Disposal and Recycling). A pressure of (+£215,000) is projected for Waste Disposal. The SITA Incinerator plant is suffering regular breakdowns and waste has to be sent to landfill which increases costs. The additional costs is approximately £5,000 per week. The pressure is offset by savings on the cost of Kerbside Recycling following the award of the new contract.
72. A detailed breakdown of the efficiency savings are shown in appendix B.
73. An increase of (+£4,000) has been made to the bad debt provision.
74. An update on the Environment actions required from 2009/2010 outturn report are shown in appendix C.

Regeneration: (-£136,000)

75. The service predicts a net saving of (-£136,000) at the end of the 1st quarter. The projected outturn position is summarised below:

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Development Division	2,337	2,277	-60
Economic Development, Cultural & Community	4,793	4,715	-78
Executive Director	316	316	0
Museums & Galleries	1,751	1,751	0
Bad Debt Provision		2	2
Total	9,197	9,061	-136

76. **Development: (-£60,000).** The Development activity income budget has been affected by the economic downturn and there is a projected pressure of (+£42,000). A compensation payment to a resident of Woodlands Road (+£5,000) has created an additional pressure. Other net pressures within the service relating to planning enquiries and appeals amounted to (+£5,000).
77. There is a projected pressure of (+£18,000) on the Building Control fee income target offset by a minor saving on supplies budget of (-£2,000). There are net staff savings of (-£68,000) within Urban Policy due to recharging of staff to grant funded projects. Within Planning Administration there is a net pressure of (+£20,000) primarily relating to management costs associated with delivering the Grove Hill and Cannon Park projects.
78. The Regeneration Programmes Team projected savings of (-£38,000) as a result of staff vacancies, recharge of staff to external shared partner arrangements and savings on supplies and services. The service has also generated additional income of (-£42,000) from advice and consultancy work.
79. **Economic Development Cultural & Community: (-£78,000).** Net savings on Economic Development & Support of (-£20,000) are projected on staffing costs. There is projected additional income of (-£5,000) on ticket sales for events at Ormesby Hall
80. The Library service is projecting a saving of (-£49,000) from the service review and (-£10,000) within the mobile library service. These savings have been partly offset by income pressure of (+£10,000). Middlesbrough Council's share of the saving from the Chief Archivist post being vacant for the whole of the year is (-£4,000).
81. There is a pressure from the wind up of Tees Valley Regeneration and an amount of (+£43,000) will be required.
82. The service has identified an increase in the total bad debt provision of (+£2,000).
83. A detailed breakdown of the efficiency savings are shown in appendix B.
84. An update on the Regeneration actions required from 2009/2010 quarter three budget clinic is shown in appendix C.

Corporate Services: (-£322,000)

85. Corporate Services predict a net budget saving of (-£322,000) at the end of the 1st quarter. The projected outturn position is summarised below:

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Legal & Democratic Services	3,000	2,916	-84
Strategic Resources	23,167	23,016	-151
Performance & Policy	2,011	1,927	-84
Chief Executive's Office	606	606	0
Corporate Services Recharges	-2,265	-2,265	0
Corporate Services Bad Debt	0	-3	-3
Total	26,519	26,197	-322

86. **Legal & Democratic Services: (-£84,000).** There are projected staffing savings in Senior Management (-£15,000) and Welfare of (-£33,000). These savings are partially offset by the cost of essential law publications of (+£14,000).
87. The continuing economic downturn is having a significant effect on property sales and a shortfall of (+£80,000) is predicted on the Property & Regeneration income budget as a result. This pressure has been partly offset by savings of (-£71,000) on vacant posts. The efficiency target of (+£16,000) in relation to the reduction in staffing within the Common Law budget will not be achieved due to the current workload.
88. The Corners budget is predicting a pressure of (+£24,000) due to the costs incurred on a long-term inquest and increased costs for post mortems.
89. Savings of (-£40,000) are predicted from Members allowances, Members Car allowances and member development budgets. A number staffing savings have been identified on the Governance Team (-£19,000), (-£3,000) on Scrutiny and (-£12,000) on Resources. Further savings are predicted on the Civic Ceremonial Functions (-£10,000), Professional fees associated with Political Assistants post and other minor savings total (-£15,000).
90. **Strategic Resources: (-£151,000).** A pressure of (+£130,000) is anticipated on Enterprise Centre as a result of fall in rental income. This pressure will be funded from the Corporate Initiatives fund. Additional income pressures on Industrial units and at the TAD centre have resulted in a forecast pressure of (+£89,000).
91. A pressure of (+£62,000) is currently forecast on Internal Audit costs mainly as a result of the continuing requirement to employ agency staff to cover for vacant posts. The pressures are partially offset by significant savings on professional fees budget of (-£90,000). Further savings are forecast on external audit fees (-£15,000) and on other supplies and services of (-£11,000).
92. A saving is projected on Housing Benefits costs (-£100,000) as the result of the difference between the actual level of Housing Subsidy income received for

2009/2010 and the estimated figure used when closing the 2009/10 accounts. There are savings on vacant posts on the Strategic Accountants' (-£56,000) and Loans & Investments' (-£20,000) budgets.

93. The budgeted efficiency saving in relation to the Procurement Officer post transferring to CFL to be funded from BSF resources assumed that the post would transfer from 1st July 2010. The post was actually transferred from 1st April 2010 resulting in a projected saving of (-£11,000) on Strategic Commissioning Unit salary costs.
94. **Performance & Policy: (-£84,000).** There is a net saving from vacant posts and staff working reduced hours within the section.
95. A small reduction in the bad debt provision (-£3,000) is predicted.
96. Detailed breakdowns of the efficiency savings are shown in appendix B.

Central Costs and Provisions: (-£1,122,000)

97. On Central Costs and Provisions there is a projected net budget saving of (-£1,122,000) at the end of the 1st quarter. The projected outturn position and the projection variance are summarised below:

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Pay & Prices	2,247	682	-1,565
Capital Financing	7,891	7,073	-818
Custodian Properties	-15	4	19
Right to Buy Receipts	-191	-3	188
Ex Trading Services	327	204	-123
Designated Authorities	40	15	-25
Unfunded Pensions	1,848	1,548	-300
Levies	140	135	-5
Contributions To / From Reserves	-1,908	-1,908	0
Precepts	12	12	0
HR Saving Proposals	-1,000	-845	155
Change Programme	1,000	1,000	0
Miscellaneous	0	-36	-36
Total	10,391	7,881	-2,510

98. Central Government have announced £6.2 billion cuts to public sector funding for 2010/2011. The impact of the cuts for Local Authorities and Middlesbrough Council has been in a reduction in specific grants. The main cuts in revenue grants announced so far are to the Area Based Grant (£ 2.7 million) and Free Swimming (£215,000). The cuts have been apportioned across service areas on the basis of grant received. The following table summaries the progress made by service areas in identifying savings to offset the cuts.

	Cut	Saving	Variance
	£	£	£
Children, Families and Learning	863,307	884,678	-21,371
Social Care	913,957	776,450	137,507
Environment	304,308	121,418	182,890
Regeneration	941,876	852,922	88,954
Corporate Services	209	209	0
Total Savings	3,023,657	2,635,677	387,980

99. It is proposed to supplement the following reserve:

	£'000
Change Programme	+1,000
	<hr/>
	+1,000

100. **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 (+£128). The table below summaries the projected outturn position:

	Target	Outturn	Variance
	£000's	£000's	£000's
Children, Families and Learning	3,348	2,953	395
Social Care	836	667	169
Environment	1,771	2,171	-400
Regeneration	699	699	0
Corporate Services	873	909	-36
Total Savings	7,527	7,399	128

Appendix B provides a detailed analysis for each service.

Balance Sheet Management

101. **Reserves / Provisions:** The table below summarises the projected movements on reserves and provisions for 2010/2011. A detailed breakdown of the movements is shown in Appendix E - Reserves and Appendix F - Provisions.

	31 March 2010 £'000s	Receipts in Year £'000s	Payments in Year £'000s	31 March 2011 £'000s
School Reserves	4,686	0	0	4,686
Investment Reserves	945	0	0	945
Specific Revenue Reserves	8,807	3603	-3508	8,902
Provisions	4,078	0	-497	3,581
Total	18,516	3603	-4005	18,114

102. **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 summarises the projected outturn position: -

	Bad Debt Provision 31/03/2010 £000's	Estimated Bad Debt Provision 31/03/2011 £000's	Projected Increase / Decrease £000's
Children, Families and Learning	589	589	0
Social Care	508	534	26
Environment	442	446	4
Regeneration	203	205	2
Corporate Services	603	600	-3
Total Bad Debt Provision	2,345	2,374	29

103. **Sale of Assets (Loses/Gains):** No assets have been disposed up to the first quarter of 2010/2011 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 (-£429,000) is forecast within general fund services for the year as summarised below:

	Budget 2010/2011	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	23,830	24,894	1,064
Social Care	39,156	38,932	-224
Environment	24,482	24,793	311
Regeneration	9,197	9,061	-136
Corporate Services	26,519	26,197	-322
Central Costs & Provisions	10,391	9,269	-1,122
Total	133,575	133,146	(429)

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

	General Fund £'000s
Opening Balance	5,721
Add:	
Forecast Net Saving	429
Estimated balance as at 31st March 2010	6,150

RECOMMENDATIONS

108. Overview and Scrutiny Board are asked to: -

- a) Note and consider the contents of report.

REASONS

- a) To ensure that Middlesbrough Council reports on resource utilisation against approved budgets.
- b) To consider implications upon the Medium Term Financial Plan.

BACKGROUND PAPERS

The following papers were used in the preparation of the report:-

- 2009/2010 Revenue Budget Executive Report 8th March 2010.
- 2009/2010 Council Tax Report: Council 8th March 2010.
- Medium Term Financial Plan 2010/2011-2013/2014: Exec Report 8th Dec 09.
- Quarter 3 Consolidated Revenue Budget Projected Outturn 2009/2010 2nd March 2010.

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