

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 2 September 2010.

PRESENT: Councillor Dryden (Vice-Chair) (In the Chair); Councillors Cole, Ismail, McIntyre (as substitute for Councillor Khan), Mawston, Purvis, J A Walker and Williams.

OFFICERS: L Antill, B Baldam, J Bennington, P Clark, J Shiel and P Stephens.

****PRESENT BY INVITATION:** Councillor N J Walker, Executive Member for Resources.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of the Chair, Councillor Brunton and Councillors C Hobson, J Hobson, Kerr, Khan and Sanderson.

DECLARATIONS OF INTERESTS

Name of Member	Type of Interest	Item / Nature of Interest
Councillor Dryden	Personal/Non Prejudicial	Any matters relating to Levick Trust – Chair of the Levick Trust.

FIRST QUARTER – REVENUE BUDGET PROJECTED OUTTURN

A report of the Director of Strategic Resources was presented which provided an estimate of the annual projected outturn for 2010/2011 based on the first quarter review of revenue expenditure against the current year's Revenue Budget. Whilst it was noted that such a position was considered to be the best starting point for a number of years the Board was advised that there were significant pressures as outlined and reference made to £1.5 million in relation to pay award.

The projected outturn position for 2010/2011 was reported as a net budget saving of (-£429,000) which represented a 0.32% saving against the £133.575 million 2010/2011 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.

Reference was made to the announcement by Central Government of £6.2 billion cuts to public sector funding for 2010/2011 the impact from which had been a reduction in specific grants. The main cuts in revenue grants announced so far were to the Area Based Grant (£2.7 million) and Free Swimming (£215,000). Such cuts had been apportioned across service areas on the basis of grant received. An indication was given of the latest financial summary of the progress being made by service areas in identifying savings to offset the cuts.

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 (+£128) as outlined in the report.

The report gave a summary of the Corporate Initiatives 2010/2011 as outlined in Appendix D and projected movements on reserves and provisions for 2010/2011, a detailed breakdown of which was provided in Appendices E and F respectively. Appendix G provided information on requests for virements.

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 in the first quarter of 2010/2011 and as a result no gains or losses were reported.

The report provided details of a net budget saving of (-£429,000) which was forecast within general fund services for the year.

The estimated revenue balance as at 31 March 2010 was reported as £6,150,000.

The Board's attention was drawn to a number of key budget pressure areas and Members sought clarification on the action being taken to address the identified pressures which included the following: -

Children, Families and Learning:

- a) reference was made to the different levels of cost and complex needs relating to children looked after and an indication given of some of the measures being pursued to alleviate the situation including the recruitment and subsequent training of additional in-house fosterers;
- b) the Board was also advised of pressures as a result of administrative support and Court fees with regard to (a) above;

Social Care:

- a) reference was made to the confirmed cuts by the Government to Area Based Grant funding and subsequent pressures following the Government's announcement of the results of its spending review in October;
- b) the service area was examining the potential to diversify the range of work undertaken by Ayresome Industries staff and reduce the reliance on sales of doors and windows which had significantly decreased as a result of the economic downturn;
- c) it was confirmed that should there be any subsequent profits in respect of (b) such resources would cover investment in that particular area;
- d) under the budget heading of Older People relating to a delay which had occurred to the implementation to preferred provider status it was confirmed that the identified efficiency target of £134,000 would be achieved;

Environment:

- a) reference was made to a projected net shortfall in income of £22,000 on Parking Solutions long stay income and parking enforcement;
- b) it was noted that an intended review of the operation of the units at the Bus Station had been put on hold whilst the underlying budget issues were being examined;
- c) there was a significant pressure on the Sport and Leisure service with specific reference being made to shortfalls in income from the Golf Centre, Southlands Outdoor Pitch and other areas in respect of the Neptune, Rainbow and Southlands centres;
- d) the pressures indicated at (c) above were offset by savings on supplies and services across the service;
- e) reference was made to the financial implications of the SITA Incinerator, which was regularly breaking down, and the subsequent increased costs of landfill including transport costs and detrimental effect on vehicles.

It was agreed that when considering budget shortfalls Members should also be made aware of the extent to which any such services were subsidised.

ORDERED as follows:-

1. That the information provided be noted.

2. That a further report be submitted on the implications on reductions to Area Based Grant projects following the Government's announcement of its spending review in October 2010.

FIRST QUARTER – CAPITAL MONITORING AND REVIEW 2010/2011

A report of the Director of Strategic Resources was presented which provided an update on the Council's capital programme (2008/2009 to 2012/2013) based on the first quarter review of capital expenditure. It was reported that given the current financial climate and the need to reduce expenditure, work was ongoing to review the current capital programme with service areas to prioritise schemes that were not contractually committed.

As part of the background information it was noted that the current capital programme commenced in April 2008 and ran to 2012/2013 and had a gross programme of expenditure of £334,363 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 a decrease of £3,480,000 in Council wide resources to support the capital programme (1.04% of the total programme) as outlined in Appendix A.

The report reflected all of the changes agreed and reported through the quarter 1 budget update meetings and a review of some of the key capital programme provisions and resources available to the capital programme.

Specific reference was made to significant variations to the programme in respect of Building Schools for the Future: Design and Build of -£1,249,000 and Middlehaven Substation of -£2,320,000.

The changes in gross expenditure since the last review was reported as a decrease of £283,000 with resources having increased by £3,197,000, thus a net difference of £3,480,000. 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) Building Schools for the Future: Design and Build £37,000
- b) CF & L Government Spending Review - £1,044,000
- c) Invest to save Carbon Reduction £100,000
- d) LTP Block Budget - £1,307,000
- e) A66 North Ormesby Interchange £139,000
- f) Middlehaven Substation -£2,320,000
- g) Tees Valley Metro - £1,350,000
- h) Transporter Bridge Development Stage One £112,000
- i) Highways Maintenance – Road Repairs £6,000,000
- j) Single Housing Investment Programme - £896,000.

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. A key transfer was reported as Cemetery Infrastructure Improvements £100,000.

In terms of re-profiling, £7,876 million had been re-profiled from 2010/2011 to 2011/2012 and future years of which £3,043 million related to block budget provisions, details of which were shown by service and individual scheme in Appendix C of the report submitted.

The Board's attention was drawn to the reasons for material re-profiling into 2011/2012 and future years from 2010/2011 as outlined in the report and in particular the Building Schools for the Future project.

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 a decrease in the need for Council wide resources to support the capital programme of £3,480,000. The gross expenditure had decreased from £334,646 million to £334,363 million and the level of over-programming was currently estimated at £2.367 million. The overall programme position as at the quarter 1 review was shown at Appendix F.

NOTED

COUNCIL PERFORMANCE – QUARTER ONE 2010/2011

A report of the Assistant Chief Executive was presented which provided an overview of the Council's performance at Quarter One 2010/2011.

The 2010/2011 Strategic Plan set out the Council's key performance targets (including the key improvement priorities for Middlesbrough identified in the Local Area Agreement 2008-2011) and the actions it planned to take during the year to contribute to the achievement of such targets.

The report summarised the Council's performance against its key targets and planned improvement actions at the end of Quarter One 2010/2011.

The Board considered the key points and noted that under the LAA the main under-performing theme remained 'Supporting Children and Young People'.

It was noted that the main change from the end of 2009/2010 related to the performance of the community safety indicators in Quarter 1. There had been slight deteriorations in performance against the violent crime indicators from the 2009/2010 figures and against the 2010/2011 target profile but this was against a background of significant reduced crime overall.

The Board noted the Government's intention to reduce the burden of audit and inspection on local authorities and as part of its proposals had abolished the Comprehensive Area Assessment. Given such changes the Board discussed the importance of performance management and workforce planning in terms of informing the decision making process especially with regard to the budget; identifying areas where investment was required; and to assist in determining how well the Council was performing.

It was acknowledged that the overall situation would be further clarified after the Government's announcement of its Spending Review in October 2010 and that further consideration should be given by the Board and the Executive in terms of identifying the most important performance indicators in the context of local circumstances.

NOTED

AREA BASED GRANT REDUCTIONS 2010/2011

A report of the Director of Strategic Resources was presented which outlined proposed reductions to Area Based Grant projects to meet the grant reductions as announced by the Government as part of the proposals to make £6.2 billion of savings nationally in 2010/2011.

It was reported that the reduction to the Council's Area Based Grants totalled £2.705 million of an original grant allocation of £25.881 million which reflected a 10.45 % decrease. The percentage reduction was the second highest in the North East and 18th highest (out of 150 authorities) in the UK. It was pointed out that such reductions took into account the level of external grants, which the Authority had received.

The report provided details of the Area Based Grant reductions confirmed to date and Appendix outlined proposals following work by the Service areas to reduce expenditure.

The Board was advised that the approach to determine the proposed reductions for each service had been as follows: -

- a) where grant is yet to be committed or allocated to projects;
- b) reductions that minimised the impact on staff;
- c) reductions that had a minimal impact on service delivery;
- d) ensure that discrimination against diverse groups was minimised;
- e) propose reductions that could be delivered in practice.

It was confirmed that consultation with voluntary sector representatives had taken place on the potential impact of such reductions.

The following summary was provided of the total reduction by service area:-

Children, Families & Learning	£942,840
Regeneration	£952,922
Environment	£121,418
Social Care	£776,450
Total	£2,793,630.

It was noted that the value of the 2010/2011 reduction in Area Based Grants to the Council was £2.71 million and therefore planned expenditure had to be reduced by this amount if the Council was not to overspend its budget.

NOTED