

MIDDLESBROUGH COUNCIL

Overview and Scrutiny Board

2nd Quarter Revenue Budget Projected Outturn

Director of Strategic Resources

18 November 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 second 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 (-£400,000). This represents a 0.30% saving against the £133,575 million 2010/2011 budget. The projected outturn position is summarised below:

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Children, Families and Learning	1,064	605	-459
Social Care	-224	-32	192
Environment	311	184	-127
Regeneration	-136	-367	-231
Corporate Services	-322	-530	-208
Central Costs & Provisions	-1,122	-260	862
Total	(429)	(400)	29

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

Children, Families and Learning: (+£605,000) down from (+£1,064,000) at Qtr1

8. The service predicts a net budget pressure of (+£605,000) at the end of the 2nd quarter. The projected outturn position is summarised below: -

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Commissioning & Resources	-53	-336	-283
Achievement	-77	-170	-93
Young Peoples Services	-10	-74	-64
Schools Budget	0	0	0
Strategic management	80	77	-3
Demand Led Contingency	-275	-275	0
Safeguarding	1,579	1,383	-196
DSG	0	0	0
Inflation funding	-180	0	180
Total	1,064	605	-459

9. **Commissioning and Resources: (-£336,000)** The catering service is projecting a saving of (-£80,000) comprising additional schools meal income of (-£60,000) and additional catering function income of (-£20,000). Staffing related savings of (-£47,000) are estimated within Management information, ITC, Document management and on Commissioning and Complainants sections. Net savings on taxi contracts across Home to School Transport are estimated at (-£24,000). Savings of (-£38,000) have been identified as part of the Integrated Transport Review. Additional income within Governor support services is projected to be (-£5,000) The MTLC are forecasting a net pressure of (+£13,000) as a result of a back dated rates bill. Additional salary pressures of (+£33,000) have been identified within Business Development (+£28,000). The restructure of this service area will achieve additional savings of (-£160,000) above the efficiency savings target.
10. **Achievement (-£170,000)** A revised pay structure for Education Psychologists 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.
11. Charging for Professional Development course will generate additional income (-£10,000). Staff savings within the SEN admin team will generate savings of (-£20,000). The maximization of grant funding will generate savings of (-£50,000). The restructure of this service area will achieve additional savings of (-£90,000) above the efficiency savings target.
12. **Young People's Services: (-£74,000)** Adult Education are projecting staffing savings of (-£50,000) and running costs of (-£40,000). A shortfall in income for Stainsacre is estimated to produce a pressure of (+£100,000). A review was completed in 2009/10 and a decision made to close the centre as it is not sustainable in its current form. There will be on-going running costs until the asset is sold. The distribution of 'Voluntary Sector Grants' has been frozen from June, producing a saving of £82,000.
13. **Strategic Management: (+£77,000)** The service has not achieved the efficiency target by (+£80,000) for 2010/11. This is in relation to the administrative review across CFL. Minor savings on supplies and services of (-£3,000) have been identified.

14. **Demand Led Contingency: (-£275,000)** This budget will be used to partly offset the pressures within Safeguarding as detailed below.
15. **Safeguarding: (+£1,383,000)** The restructure of this service area has not achieved the efficiency savings target by (+£337,000) and the savings from the vacancy freeze are projected to be (+£56,000) below target. This reflects the continuing caseload pressures being experienced within the service
16. The Management & Admin section is projecting a net pressure of (+£134,000). 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 resulting in a net pressure of (+£88,000). Further pressures of (+£38,000) are also expected on supplies and services
17. The Review and Development unit are projecting a pressure of (+£122,000) relating to the anticipated costs of (+£100,000) on chairing Independent reviews on child protection cases and (+£22,000) on additional administration support. Agency staff costs within Social Work Disabilities team are forecasting a pressure of (+£48,000).
18. A pressure of (+£56,000) is projected within the Locality Teams primarily on car allowances (+£43,000) and other running expenses (+£7,000). Employee costs across the service are showing a saving of £308,000 however these are offset by the cost of employing agency staff to cover vacancies, sickness and maternity leave.
19. Staffing savings in relation to the CAHMS grant will result in savings of (-£16,000).
20. The Children Looked after section has a net pressure of (+£1,016,000). There are projected savings of (-£277,000) on in-house fostering as a result of a reduction in the number of carers and placements. The Fostering Team are projecting a net pressure of (+£26,000) relating to an increase in travel costs for children placed with foster carers.
21. Recruitment for new foster carers is currently on-going. Since February 6 new foster carers have been appointed with 10 placements now in place. 1 placement has very complex needs. A further 11 carers are being assessed with the potential of a further 17 placements by April 2011. There is also a training group currently running which could result in 8 Foster Carer families approved by summer 2011 with a capacity of 13 placements.
22. Independent Fostering agencies budget is currently projecting a pressure of (+£493,000). There are currently 109 placements. Of this 102 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	107	7	-4	110
May	110	6	-5	111
June	111	7	-6	112
July	112	20	-18	114
August	114	5	-5	114
September	114	4	-11	107
October	107	2	0	109

23. There is a net pressure on Children's Agency Residential Schools of (+£777,000). There are currently 32 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	4	-1	37
June	36	3	-5	35
July	34	7	-6	36
August	35	1	6	31
September	30	2	0	33
October	32	0	-1	32

24. The Children Looked After service is projecting a pressure of (+£15,000) in relation to public transport cost for children in care placed out of area. A nil inflation increase in respect of the Fiver Rivers residential contract will generate a projected saving of (-£23,000).
25. The Family Support Services is projecting a net pressure on regular payments of (+£200,000) as a result of interim and care orders issued by the courts. The Direct payments budget has seen a large increase in the number of service users (106% since 2008/09). This increased demand has created a pressure of (+£7,000).
26. The Family Support budget for Leaving Care is currently forecasting a saving of (-£50,000). However, this is subject to change if any young adults leave the fostering system. The Leaving Care placement budget is currently forecasting a pressure of (+£6,000). This relates to a pressure of (+£9,000) on staff transport and a saving of (+£3,000) on premises costs.
27. There are net pressures on the Stainsby (+£45,000) and Bright Stars (+£40,000) Nurseries from a shortfall in income. Every Child Talker budget is projecting a pressure of (+£30,000) relating to redundancy costs. The pressures are offset by staffing savings of (-£610,000) across Sure Start.

28. Additional ABG for Child Poverty Local Duties received in 2010/2011 of (-£46,000) will be applied to offset the overall overspend.
29. A detailed breakdown of the efficiency savings are shown in appendix B
30. An update on the CFL actions required from 2010/2011 quarter one budget review is shown in appendix C.

Social Care: (-£32,000) down from (-£224,000) at Qtr1

31. The service predicts a net saving of (-£32,000) at the end of the 2nd quarter as summarised below: -

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Older people with Mental Health	149	32	-117
Physical disability / Sensory Impairment	-70	-128	-58
Learning Disabilities	-248	-300	-52
Mental Health	51	-7	-58
Other Adults Services	0	0	0
Adults Holding Accounts	-271	57	328
Asylum Seekers	0	0	0
Ayresome Industries	198	438	240
Domiciliary Care	-204	-124	80
Supporting People	-546	-10	536
Performance & Modernisation	9	-96	-105
Service Strategy	3	-74	-77
Street Wardens	-39	-29	10
Registrars	3	-2	-5
Repaid Direct Budgets	-120	0	120
Social Care Demand Led Provision	10	163	153
ABG Savings	825	0	-825
Bad Debt Provision	26	48	22
Total	-224	-32	192

32. **Older People: (+£32,000)** A delay in implementation to preferred provider status has resulted in an under achievement against the efficiency target, creating a pressure of (+£91,000). 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 (+£129,000) is predicted. The pressure is partly offset by staffing savings of (-£44,000).
33. Projected staffing savings of (-£108,000) are forecast across the service area. These are partly offset by pressure of (+£14,000) on Elderly Residential Respite care costs.

34. The Direct Payments budget is projecting a saving of (-£24,000) as a result of changes in the cost of care packages. A contribution from the PCT has resulted in a projected saving of (-£17,000) on the Pennyman House budget.
35. **Physical Disabilities: (-£128,000)** A saving on Direct Payments of (-£50,000) is expected as a result of additional income from the PCT. Savings on staffing within the service are forecast to be (-£72,000) and on supplies & services (-£13,000). A pressure of (+£10,000) is forecast on the cost of equipment / adaptations.
36. **Learning Disabilities: (-£300,000)** The Community inclusion team budget is projecting savings of (-£125,000) on staffing costs additional income from other Local authorities (-£21,000) and on running costs of (-£20,000).
37. There is a forecast saving on the Independent Supported Living provider rates of (-£214,000), 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 (+£189,000) due to increased costs associated with current service users care packages. Savings of (-£24,000) are forecast on the cost of Direct Payments as a result of additional income from the PCT. Savings of (-£23,000) have been identified within the learning disability development fund.
38. A number of savings on supplies and services totalling (-£23,000) have been identified on Community Support costs. Savings are also forecast for the integrated transition team of (-£21,000) primarily due to staff vacancies and the freezing of contract rates. The service is reducing commitments against the Learning Disabilities Development Fund and a saving of (-£10,000) is predicted as a consequence.
39. 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 net savings from vacant posts of (-£13,000).
40. 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. A further pressure of (+£11,000) is predicted because of a significant rise in numbers of service users attending Teesside Ability Support Centre (TASC) in the second quarter. 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.
41. **Mental Health: (-£7,000)**. 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 average monthly costs for section 117 cases is lower than was expected producing a savings of (-£65,000). The review of the Mental Health Rehabilitation and Recovery services has yet to be completed creating a pressure of (+£25,000).

42. The number of Deprivation of Liberty assessments carried out has been lower than expected and a saving of (-£37,000) is forecast.
43. Savings have also been identified on the Forensic Team (-£42,000) and Psychosis Team (-£22,000) from staff vacancies and maternity leave. Unbudgeted contributions from service users has resulted in a projected saving of (-£10,000) on the ISL budget. These are offset by pressures on the Direct payments care packages of (+£12,000)
44. **Supporting People: (-£10,000)** It is anticipated there will be a surplus of (-£187,000) on the Supporting People main programme in 2010/11. It is requested that this be carried forward to fund commitments in 2011/12 as part of the three year MTFP for Supporting People. Savings on staffing costs funded from the Supporting People administration grant budget are estimated at (-£10,000).
45. **Ayresome Industries: (+£438,000)** 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 £704,000. After reducing material purchases and other costs a net pressure of (+£286,000) is forecast.
46. Significant pressures were reported on the Ayresome Community Transport Service (ACT) budget in 2009/10 mainly as a result of lower income and unbudgeted Fleet Management charges. An additional £160,000 was allocated to the ACT budget in 2010/11 to reflect this. An income shortfall of (+£58,000) is predicted from service user charges due to a reduction in demand for the service. A further pressure has arisen on spot hire (+£60,000) as a number of the ACT vehicles are no longer road worthy and on external service charges (+£16,000), Fleet Hire charges (+£36,000), running costs (+£14,000) and on agency costs (+£27,000). These costs are partly offset by staffing vacancies (-£60,000)..
47. **Asylum Seekers: (nil)** The department is forecasting a surplus of (-£257,000) 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 | 167,000 |
| | <u>257,000</u> |
48. **Personal Care: (Domiciliary) (+£21,000).** A shortfall in income contributions from service users is the main reason for an expected pressure of (+£21,000) on the Personal Care budget.
49. **Home Care: (Domiciliary) (-£145,000)** 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 (-£122,000). Further savings on staff costs from vacant posts of (-£23,000) are forecast.

50. **Adult Holding Accounts: (+£57,000).** There is an uncommitted balance on the Social Care Reform grant of (-£321,000). The service request that this balance be carried forward to address on going commitments in 2010/11.
51. 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).
52. 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.
53. **Performance and Planning (-£96,000).** Savings of (-£37,000) are anticipated on operational support costs primarily from lower than expected computer equipment/licensing costs. Savings are also predicted on the reconfigured Commissioning staff budget (-£73,000) due to vacant posts and a secondment to a grant funded post. Higher than expected Health & Safety recharges and CRB costs are the main reasons for a projected budget pressure of (+£13,000) on the Operational Administration budget.
54. **Street Wardens: (-£29,000).** Savings on staffing costs as a result of vacant posts (-£42,000) are partially offset by a budget pressure on non-pay costs due to higher than expected vehicle repair charges of (+£13,000).
55. **Registrars: (-£2,000).** Small saving on running costs of (-£2,000).
56. **Demand led Budgets: (+£163,000).** The cost of increases in demand across the service in quarters 3 and 4 is estimated at £1,029,000. The remaining internal budget set aside for the cost of increases in demand for the rest of the year is £866,000. A net pressure of (+£163,000) is forecast.

Social Care Demand Led Pressures 2010/11

Client Group (£000)	Budget (£000)	Projection (£000)	Variance (£000)
Older People	480	650.7	170.7
Physical Disabilities	407.1	284.1	-123
Learning Disabilities	271.9	577.5	305.6
Mental Health	97.9	138.6	40.7
Personal Care	280.8	50.1	-230.7
TOTAL	1537.7	1701	163.3

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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57. An additional (+£48,000) has been set aside for the increase in the provision of bad debt.
58. A detailed breakdown of the efficiency savings are shown in appendix B.
59. An update on the Social Care actions required from 2010/2011 quarter one budget clinic is shown in appendix C.

Environment: (+£184,000) down from (+£311,000) at Qtr1

60. The service predicts a net saving of (+£184,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Transport & Design	154	157	3
Community Protection	147	9	-138
Streetscene	10	-46	-56
Management	0	64	64
Total	311	184	-127

61. **Transport & Design: (+£157,000).** The Highways Engineering Services are projecting a pressure from a shortfall in income of (+£10,000) and additional Health

and Safety training costs of (+£4,000) relating to the Transporter Bridge. Built Environment Management is projecting savings on insurance costs (-£46,000) and additional income of (-£16,000) on Section 74 regulations. There is a projected staffing saving of (-£32,000) on the Highways maintenance budget. There is a pressure of (+£56,000) on the street lighting maintenance contract.

62. An overall net pressure of (+£69,000) exists mainly relating to income shortfalls in the Decriminalised Parking Enforcement budget, primarily due the current economic climate, with drivers taking more care in where they park in order to avoid incurring fines. The car park income is also projected to be down due to the new car parks operating in town.
63. The Road Safety and Traffic budget is projecting a saving of (-£96,000) on staff offset by pressures on supplies and services budgets of (+£61,000) as a result of the reduction in ABG grant and shortfall of income of (+£23,000).
64. There are un-achieved efficiency savings relating to the Bus Station review of operating arrangements (management / security / cleaning / CCTV) totalling (+£77,000). Income shortfalls from rents and service charges and maintenance pressures at the Bus Station and outstanding subsidy payments have resulted in net additional pressures of (+£130,000). The pressures have been partly offset by staffing savings of (-£44,000).
65. These pressures are partly offset by a projected saving of (-£42,000) on staffing costs for Management and Administration.
66. **Community Protection: (+£9,000).** Continued poor attendance at North Ormesby Market is producing a pressure of (+£20,000) and is an ongoing concern. There are income pressures of (+£37,000) on Pest Control, due to a fall in demand for the service, and (+£10,000) on Abandoned Vehicles due to a reduction in the number of vehicles collected. There is a pressure of (+£10,000) on the Street Trading income target within Other Licensing.
67. These are offset by savings on staffing of (-£8,000) on Food Health & Safety, (-£63,000) on Private Sector Housing, Additional Enforcement (-£34,000) and Trading Standards (-£40,000).
68. Additional savings of (-£37,000) have been identified on Cemeteries, Environmental Protection and Environmental Sustainability, and additional income of (-£50,000) is projected for Bereavement services. Also there is a saving of (-£15,000) on Management and Admin. due to exam and course fees and other supplies and services savings.
69. The Sport and Leisure service is projecting a net pressure of (+£177,000) for the year. There is a pressure of (+£117,000) on the Golf Centre, due to the underachievement of income.
70. There is an expected shortfall on income of (+£59,000) relating to Southlands Outdoor Pitch, due to the regular closures because of its poor condition. There is also an income shortfall of (+£115,000) Rainbow Leisure centre. The pressure is offset by net savings on staffing costs of (-£114,000) across the service.

71. **Streetscene: (-£46,000).** There is a pressure of (+£30,000) for Parks & Countryside in relation to the efficiency saving for increasing allotment charges.
72. There are significant pressures on Waste Collection from the unachieved efficiency target for charging for replacement wheelie bins (+£60,000). Demand for replacement bins has not reduced adding to the pressure in this area (+£50,000). There is an additional pressure of (+£40,000) relating to the efficiency target for charging for Junk Jobs and a further pressure of (+£100,000) on transport costs, partly due to a delay in the delivery of replacement refuse vehicles, which resulted in unanticipated additional lease costs until the new fleet arrived. The pressure is expected to be offset by additional income secured by Area Care (-£170,000) and savings on staffing and supplies and services of (-£80,000) within Waste Collection.
73. A small saving of (-£36,000) is currently projected for Fleet Services, mainly due to staff savings.
74. A pressure of (+£332,000) is projected for Waste Disposal. The SITA Incinerator plant is suffering regular unplanned breakdowns and waste has to be sent to landfill which increases costs. The additional cost 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 (-£372,000).
75. **Strategic Management (£64,000)** A pressure of (+£64,000) is projected mainly due to the unachieved efficiency target on the transfer from weekly to pay, of (+£51,000).
76. Additionally, a pressure of (+£25,000) is expected relating to charges for the Cargo Fleet Depot owned by Erimus Housing. Following a reduction in the space occupied by the Council, it was expected that charges would reduce considerably, and an efficiency target was applied to this budget. The level of saving actually achieved however, is less than anticipated. A saving of (-£12,000) is projected on Director of Environment supplies and services budget.
77. A detailed breakdown of the efficiency savings are shown in appendix B.
78. An increase of (+£11,000) has been made to the bad debt provision.
79. An update on the Environment actions required from 2010/2011 quarter one update report are shown in appendix C.

Regeneration: (-£367,000) up from (-£136,000) at Qtr1

80. The service predicts a net saving of (-£367,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Development Division	-60	-132	-72
Economic Development, Cultural & Community	-78	-185	-107
Executive Director	0	0	0
Museums & Galleries	0	-50	-50
Bad Debt Provision	2	0	-2
Total	-136	-367	-231

81. **Development: (-£132,000).** The Development activity income budget is forecast to achieve its target following an increase in development activity. A staffing saving of (-£4,000) is projected. Other net pressures within the service relating to planning enquiries and appeals amounted to (+£14,000).
82. Urban Policy is projecting net staff savings of (-£78,000) after meeting the abatement target. This is due to maternity leave, a reduction in hours and recharging of staff to externally funded projects to maximise grant income. Within Planning Administration there is a pressure of (+£44,000) due to management costs associated with delivering the Grove Hill and Cannon Park projects.
83. The Regeneration Programmes Team are projecting savings of (-£40,000) from 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.
84. **Economic Development Cultural & Community: (-£185,000).** Net savings on Economic Development & Support of (-£41,000) are projected on staffing costs and (-£43,000) on grants.
85. The Library service is projecting a saving of (-£70,000) from the service review. There are anticipated savings of (-£7,000) relating to the adjustment to hours of the Courier Service and a further (-£5,000) saving for the reduction in costs of the Mobile Library Service. There is also an anticipated saving of (-£20,000) on the book fund. These savings are offset by (+£5,000) under achievement against an income target.
86. Archives are projecting a saving of (-£4,000) on Middlesbrough's share of the budget due to the delay in appointment to the post of the Chief Archivist and a vacant post.
87. **Museums and Galleries (-£50,000)** Museums are projecting a saving of on staff savings of (-£23,000) and an overachievement of income of (-£5,000) at the Captain Cook Museum. MIMA is projecting a saving on running expenses of (-£22,000).
88. A detailed breakdown of the efficiency savings are shown in appendix B.

89. An update on the Regeneration actions required from quarter one budget update shown in appendix C.

Corporate Services: (-£530,000) up from (-£322,000) at Qtr1

90. Corporate Services predict a net budget saving of (-£530,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Legal & Democratic Services	-84	-97	-13
Strategic Resources	-151	-342	-191
Performance & Policy	-84	-73	11
Chief Executive's Office	0	-24	-24
Corporate Services Recharges	0	0	0
Corporate Services Bad Debt	-3	6	9
Total	-322	-530	-208

91. **Legal & Democratic Services: (-£97,000).** There are projected staffing savings in Senior Management (-£11,000) Welfare (-£13,000) and Common Law (-£11,000). These savings are partially offset by the cost of essential law publications of (+£18,000).
92. The continuing economic downturn is having a continued effect on property sales and a shortfall of (+£82,000) is predicted on the Property & Regeneration income budget as a result. This pressure has been partly offset by savings of (-£69,000) on vacant posts.
93. The Coroners budget is predicting a pressure of (+£38,000) due to the costs incurred on a long-term inquest and increased costs for post mortems.
94. Savings of (-£56,000) are predicted from Members allowances, Members Car allowances and member development budgets. Staffing savings have been identified on the Governance Team (-£21,000), (-£17,000) on Scrutiny and (-£9,000) on Resources. Further savings are predicted on the Civic Ceremonial Functions (-£13,000) and professional fees associated with a Political Assistant post (-£11,000).
95. **Strategic Resources: (-£342,000).** A reduced pressure of (+£120,000) 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 have resulted in a pressure of (+£44,000).

96. A pressure of (+£52,000) 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 (-£81,000). Further savings on the Senior Management budget are projected on staffing costs (-£22,000) because of a vacant personal assistant post and on external audit fees (-£18,000).
97. A saving is projected on Housing Benefits costs (-£102,000) 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. Savings on Housing Benefit costs are also expected due to reduced grant payments to Mouchel (-£24,000) and a reduction in audit fees (-£17,000) for work carried out on the Housing Benefit subsidy claim as part of this work is now carried out by Internal Audit
98. There are savings on vacant posts in Strategic Accountants (-£60,000) Loans & Investments' (-£19,000) and the Value for Money Team (-£8,000) budgets.
99. 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). A further saving of (-£16,000) is expected this year on procurement costs as any future procurement training will be delivered in-house.
100. **Performance & Policy: (-£73,000).** There is a net saving from vacant posts and staff working reduced hours within the section.
101. **Chief Executives Office (-£24,000)** A planned reduction in supplies & services spending is expected to result in savings of (-£17,000) and a saving of (-£6,000) is predicted on the Chief Executive's Initiatives budget.
102. A small increase in the bad debt provision (+£6,000) is predicted.
103. Detailed breakdowns of the efficiency savings are shown in appendix B.

Central Costs and Provisions: (-£260,000)

104. On Central Costs and Provisions there is a projected net budget saving of (-£260,000) at the end of the 2nd quarter. The projected outturn position and the projection variance are summarised below:

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Pay & Prices	-1,565	-1,337	228
Capital Financing	-818	-678	140
Custodian Properties	19	9	-10
Right to Buy Receipts	188	188	0
Ex Trading Services	-123	-148	-25
Designated Authorities	-25	-2	23
Unfunded Pensions	-300	-295	5
Levies	-5	-5	0
HR Saving Proposals	155	132	-23
Vat Claims	0	-93	-93
Miscellaneous	-36	-31	5
Total	-2,510	-2,260	250

105. The following supplement to reserves was agreed at Quarter 1:
- | | |
|------------------------------|---------------|
| | £'000s |
| Transfer to change programme | +1,000 |
106. It is proposed to make the following allocation to reserves:
2nd Qtr transfer to change programme +1,000
107. It is proposed to make the following transfer between reserves
- | | |
|--|---------------|
| | £'000s |
| Partnership contribution | -446 |
| Transfer from Partnership Reserve | -1,286 |
| Transfer from Initiatives Fund Reserve | -150 |
| Transfer into change programme | +1886 |
108. **Efficiency Savings:** The Council has embedded within its budget monitoring procedures reporting on efficiency savings. The Council is projected to over achieve its efficiency savings target by (-£109,000). The table below summaries the projected outturn position:

	Target £000's	Outturn £000's	Variance £000's
Children, Families and Learning	3,348	3,002	346
Social Care	836	742	94
Environment	1,771	2,276	-505
Regeneration	699	707	-8
Corporate Services	873	909	-36
Total Savings	7,527	7,636	-109

Appendix B provides a detailed analysis for each service.

Balance Sheet Management

109. **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	6,083	-6,799	8,091
Provisions	4,078	0	-894	3,184
Total	18,516	6083	-7693	16,906

110. **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	587	-2
Social Care	508	556	48
Environment	442	445	3
Regeneration	203	203	0
Corporate Services	603	609	6
Total Bad Debt Provision	2,345	2,400	55

111. **Sale of Assets (Losses/Gains):** There was a sale of a small piece of land at Garrett Walk the second quarter and as a result there was a gain of £7,600.

EQUALITY IMPACT ASSESSMENT

112. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

113. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

114. A net budget saving of (-£400,000) is forecast within general fund services for the year as summarised below:

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Change £'000s
Children, Families and Learning	1,064	605	-459
Social Care	-224	-32	192
Environment	311	184	-127
Regeneration	-136	-367	-231
Corporate Services	-322	-530	-208
Central Costs & Provisions	-1,122	-260	862
Total	(429)	(400)	29

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

	General Fund £'000s
Opening Balance	5,721
Add:	
Budget Allocation to Change Programme	-1,000
Forecast Net Saving	400
Estimated balance as at 31st March 2010	5,121

RECOMMENDATIONS

116. 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 1 Consolidated Revenue Budget Projected Outturn 5th August

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