

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

2010/11 Revenue Budget Outturn

Executive Member for Resources

Director of Strategic Resources

20 June 2011

PURPOSE OF THE REPORT

1. To present to the Overview and Scrutiny Board the details of the final 2010/11 revenue outturn position.

SUMMARY OF RECOMMENDATIONS

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

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

3. It is over the financial threshold (£150,000)
 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

EXECUTIVE SUMMARY

5. The outturn of the Council showed a strong, positive financial position with all services showing significant improvements on the figures reported at quarter 3. There was a clear focus on managing vacancies, restricting supplies and service spending to essentials and making the best use of grant funding. The additional savings have allowed the Council to place additional funds in the Change programme Reserve and the reserve for demand led pressures in Social Care & Vulnerable Children

6. The overall positive outturn included significant pressures within services:
- Over the year both Children Families and Learning and Social Care reported increases in demand led pressures, which are ongoing.
 - Ayresome industries produced a large deficit and faces difficult trading conditions going forward
 - Car parking Income was down because of the harsh winter, increased competition and reduced demand.

Given the size and scope of the Council's budget, the report covers material variances from budget of £10,000 and above

BACKGROUND AND EXTERNAL CONSULTATION

7. 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.
8. 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
9. On the 15th March 2011, Executive considered the 3rd Quarter Revenue Budget outturn report that a net budget saving of (-£411,000). The actual outturn (unaudited) for 2010/2011 is projected to be a net saving of (-£416,000). This represents a 0.30% saving against the £133,575 million 2010/2011 budget. The outturn position is summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Children, Families and Learning	195	-175	-370
Social Care	-321	-458	-137
Environment	181	8	-173
Regeneration	-666	-708	-42
Corporate Services	-794	-984	-190
Central Costs	-2,531	-3,222	-691
Allocation to Reserves & Provisions	3,525	5,123	1,598
Total	-411	-416	(5)

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

Children, Families and Learning: (-£175,000) saving down from a (+£195,000) pressure at quarter three.

10. A net saving of (-£175,000) was achieved by the service as summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Commissioning & Resources	-726	-774	-48
Achievement	-467	-313	154
Young Peoples Services	-229	-565	-336
Schools Budget	0	153	153
Strategic Management	77	194	117
Demand Led Contingency	-275	-275	0
Safeguarding	1,815	1,405	-410
Total	195	-175	-370

11. **Commissioning and Resources: (-£774,000).** A net saving of (-£20,000) was made on the catering service. This included additional schools meal income of (-£48,000) and additional income from catering functions of (-£16,000) partly offset by grant income being less than anticipated (+£12,000). There were also savings on staffing costs of (-£55,000). Pressures were incurred on premises (+£23,000) and food (+£109,000) costs. An additional allocation was given from the Pay and Prices Inflation provision (-£42,000) to help mitigate this pressure.
12. Staff cost savings of (-£181,000) were made within the Management Information section, ICT, Document Management, Business Development and on the Commissioning and Complainants sections. Net savings of (-£177,000) were made on Home to School Transport, following the setting up of the Integrated Transport Unit (ITU). An income surplus was achieved within Governor Support services (-£13,000) and the staff allowances and overtime budgets produced additional savings of (-£24,000). The MTLC made a saving of (-£70,000) from reducing non-essential expenditure. Additional savings of (-£289,000) above the efficiency savings target were achieved following the restructure of this service area.
13. **Achievement (-£313,000).** A saving of (-£16,000) was made on the Advisors' budget due to a spending freeze on supplies and services and the recharging of advisors time. Insurance recharges to the service area have resulted in an additional pressure of (+£17,000). A saving of (-£84,000) was made on the Educational Psychologists' budget from the reduced cost of appointing a trainee psychologist and the recharge of salaries to grant. The Attendance and Behaviour Support service made a saving of (-£16,000) on staffing and reductions in supplies and services expenditure.
14. Charging for Professional Development courses and management time recharges generated additional income (-£119,000). Staff savings within the Special Educational Needs Administration Team generated savings of (-£38,000). The maximization of grant funding has generated savings of (-£19,000). Savings of (-£51,000) above the efficiency savings target were achieved following the restructure of this service area. The loss of Speech and Language Service grant income resulted in a pressure of (+£13,000).

15. **Young Peoples' Services: (-£565,000)** The distribution of Voluntary Sector Grants was frozen producing a saving of (-£87,000). A further saving was made on Voluntary Sector Administration costs (-£10,000). Adult Education had staffing related savings of (-£40,000). An income shortfall at Stainsacre produced a pressure of (+£112,000). The centre was closed in October 2010.
16. A saving of (-£10,000) was made on the National Graduate Development Programme. The Integrated Youth Service produced a saving of (-£305,000) as a result of a spending freeze and salary savings. A staff vacancy within the Performance Team has resulted in a saving of (-£41,000). The Youth Offender Service (YOS) made a saving of (-£99,000) due to a one-off recharge of management time to the YOS grants. The service has exceeded the targeted efficiency for 2010/11 producing a saving of (-£50,000). The recharge of salaries to grant has resulted in various minor savings across the service of (-£35,000).
17. **Schools Budget: (+£153,000)** There was a pressure of (+£407,000) on school Premature Retirement costs after applying the Future Developments in the future provision of Schools reserve a pressure of (+£153,000) remained.
18. **Strategic Management: (+£194,000)** The service efficiency target in relation to the administrative review across CFL was not achieved resulting in a pressure of (+£207,000). Minor savings of (-£13,000) were identified on supplies and services costs.
19. **Demand Led Contingency: (-£275,000)** This budget was used to partly offset the pressures within Safeguarding as detailed below.
20. **Safeguarding: (+£1,405,000)** Efficiency savings relating to the restructure of the service area fell short of the budgeted target by (+£258,000). Savings from the vacancy freeze were also below target (+£45,000).
21. A net pressure of (+£88,000) was made on Assessment and Care Management. Pressures were identified on the Management & Administration section (+£75,000), Legal Fees (+£24,000), supplies and services (+£51,000), the costs of chairing Independent reviews on child protection cases (+£75,000) and on printing costs (+£12,000). Grant funding of (-£58,000) partially offset these pressures together with salary savings of (-£46,000) and a saving on Review and Development costs (-£17,000).
22. A pressure of (+£50,000) was incurred within the Locality Teams. This was made up of additional agency staff costs (+£390,000) exceeding vacancy savings (-£379,000), car allowances (+£44,000) and other running expenses (+£92,000) partly offset by a recharge from grant of (-£97,000). A pressure of (+£11,000) was incurred on staffing costs within the Social Work Disabilities Team. Increasing demand for Agency Respite Care resulted in a pressure of (+£40,000) within this service. A saving of (-£71,000) was made on the CAHMS service in particular on salary costs and recharges to other Local Authorities.

23. A net pressure of (+£1,435,000) was made on the Children Looked After section. The contribution of grant to salary expenditure at Gleneagles resulted in a saving of (-£194,000). Further savings of (-£255,000) were made on in-house fostering as a result of a reduction in the number of carers and placements. A net saving of (-£44,000) was made on Fostering Team costs offset by pressures of (+£46,000) on Transportation Costs and (+£15,000) on Supplies and Services. Savings were also identified on staffing (-£20,000) and due to the recharging of salaries (-£85,000) to the grant.
24. A pressure of (+£552,000) was identified on the Independent Fostering agencies budget. There were 108 placements as at 31st march 2011, of these 104 were full time placements and 4 were respite placements. This pressure is subject to fluctuation as it is a demand led service. The breakdown of placements during the year is included in the following table, previous years data is shown in brackets for comparison:

Month	Placements Start of Month	New Placements	Ceased Placements	Placements End of Month
April	107 (81)	7 (6)	-4 (-6)	110 (81)
May	110 (81)	6 (16)	-4 (-11)	112 (86)
June	112 (86)	7 (9)	-7 (-4)	112 (91)
July	112 (91)	20 (13)	-17 (-7)	115 (97)
August	115 (97)	7 (17)	-7 (-13)	115 (101)
September	115 (101)	2 (10)	-13 (-12)	104 (99)
October	104 (99)	11 (8)	-4 (-10)	111 (97)
November	111 (97)	6 (16)	-11 (-10)	106 (103)
December	106 (103)	7 (18)	-4 (-8)	109 (113)
January	109 (113)	8 (0)	-6 (-2)	111 (111)
February	111 (111)	4 (5)	-6 (-2)	109 (114)
March	109 (114)	1 (4)	-2 (-5)	108 (113)

25. There was a net pressure on Children's Agency Residential Schools of (+£1,391,000). There were 43 residential placements as at 31st March 2011, movements during the year are shown in the following table, previous years data is shown in brackets for comparison:

Month	Placements Start of Month	New Placements	Ceased Placements	Placements End of Month
April	31 (21)	3 (2)	0 (0)	34 (23)
May	34 (23)	4 (0)	-1 (-2)	37 (21)
June	37 (21)	4 (3)	-5 (-2)	36 (22)
July	36 (22)	8 (3)	-6 (-3)	38 (22)
August	38 (22)	2 (1)	-6 (-1)	34 (22)
September	34 (22)	2 (2)	0 (-1)	36 (23)
October	36 (23)	0 (5)	-3 (-1)	33 (27)
November	33 (27)	5 (3)	-1 (-2)	37 (28)
December	37 (28)	2 (2)	-2 (-1)	37 (29)
January	37 (29)	5 (0)	-2 (0)	40 (29)
February	40 (29)	4 (1)	-7 (-1)	37 (29)
March	37 (29)	11 (2)	5 (-1)	43 (30)

26. A pressure of (+£22,000) was incurred on the Children Looked After Service in relation to public transport costs for children in care placed out of area. A nil inflation increase in respect of the Fiver Rivers residential contract generated a saving of (-£27,000). Child Protection services made a saving of (-£10,000) on their supply teachers budget.
27. The Family Support Service made a net saving of (-£190,000). A net saving of (-£81,000) was made on regular payments as a result of interim and care orders issued by the courts. The recharge of Section 17 payments to grants resulted in a further saving of (-£64,000). Additional Sure Start contributions to Playgroups and Childminders also resulted in a saving (-£55,000). The above savings were partly offset by a pressure of (+£10,000) within the Contact Expenses budget.
28. The Other Children and Family Service produced a net saving of (-£120,000). Savings were made on Adoption fees (-£49,000) and on the Family Support budget for Children Leaving Care (-£49,000). However, pressures identified on Leaving Care Management transportation budget (+£21,000) partially offset these savings.
29. Savings of (-£26,000) from the Young Persons Substance Misuse Grant and (-£30,000) from the Teenage Pregnancy service were made from renegotiated contracts and the recharging of management time. Advocacy Services for Children incurred a pressure of (+£9,000) due to increased payments to the National Youth Advocacy Service.
30. In the Management Support Section there was a prior year charge for occupancy of the TAD Centre and for increases in the service level agreement with Social Care resulted in a pressure of (+£20,000). This pressure was partly offset by an increase in income received in relation to the Training of Social Work Staff (-£14,000).

31. A saving on the contribution to Redcar and Cleveland relating to the Child Death Review Service resulted in a saving of (-£15,000).
32. Sure Start: (-£100,000) Eligible expenditure relating to care placements were offset against the Sure Start grant producing a saving of (-£46,000). The reduction of IT costs for the School Gates project has resulted in a saving of (-£38,000). There was also a saving of (-£16,000) on the Play schemes service supplies and services budget.
33. Savings of (-£1,270,000) were identified within the General Sure Start grant and this has been offset against eligible expenditure with the Safeguarding Service.
34. A detailed breakdown of the efficiency savings is shown in appendix B.

Social Care: (-£458,000) up from (-£321,000) at quarter three

35. A net saving of (-£458,000) was incurred by the service as summarised below: -

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Service Strategy	-3	0	3
Older People	-73	-5	68
Physical disability / Sensory Impairment	-92	-174	-82
Learning Disabilities	-221	-231	-10
Mental Health	-20	-122	-102
Other Adults Services	-3	-54	-51
Ayresome Industries	556	484	-72
Street Wardens	-31	-54	-23
Asylum Seekers	-15	-15	0
Domiciliary Care	-69	-84	-15
Adults Holding Accounts	57	20	-37
Performance & Planning	-80	-67	13
Registrars	2	-3	-5
Demand Led Budgets	-537	-311	226
Supporting People	0	4	4
Direct Payment Surpluses	148	53	-95
Safer Middlesbrough Partnership	0	-3	-3
Bad Debt Provision	60	104	44
Total	-321	-458	-137

36. **Older People: (-£5,000).** A delay in implementation to preferred provider status resulted in an under achievement against the efficiency target, creating a pressure of (+£118,000). Take up of the Carelink service is improving following last year's service review but income was still below the budgeted levels and a pressure of (+£117,000) resulted. The pressure was partly offset by staffing savings of (-£43,000).
37. Staffing savings of (-£86,000) were achieved across the service area. These were partly offset by pressures of (+£41,000) on Older People's Residential Respite and Short stay care costs relating to the previous financial year.

38. The Direct Payments budget achieved a saving of (-£30,000) as a result of a reduction of the hourly rates paid for care packages. The annual review of care home prices (in October) and not paying an inflationary uplift to non-Middlesbrough Care homes resulted in a saving of (-£23,000).
39. Middlesbrough PCT provided funding for residential re-ablement placements to facilitate early discharges from hospital (-£123,000). Non-capital consultancy costs (+£23,000) relating to the redevelopment of the Levick House site were incurred in the final quarter of the year.
40. **Physical Disabilities: (-£174,000).** A saving on Direct Payments of (-£44,000) was achieved as a result of a review of the hourly rates paid. Savings on staffing within the service were (-£56,000). Lower than expected staffing costs in the Sensory Loss Service (a joint arrangement with Redcar and Cleveland Council) resulted in a saving of (-£37,000).
41. Demand for Teesside Community Equipment Service equipment and adaptations declined significantly in the final two quarters of the year resulting in a saving of (-£39,000).
42. **Learning Disabilities: (-£231,000).** The Community Inclusion Team achieved savings of (-£155,000) on staffing costs, (-£29,000) as a result of additional income.
43. Implementation of the framework contract with lower payment rates resulted in a saving on the Independent Supported Living budget of (-£214,000). Savings were also achieved as a result of additional income from Middlesbrough PCT (-£52,000) and backdated receipts from service users (-£26,000). These savings were offset by pressures of (+£262,000), due in part, to a decrease in contributions to care packages from Supporting People.
44. Savings of (-£28,000) resulted from the secondment of the Learning Disabilities Team manager and the vacant complaints officer post. In addition, savings of (-£14,000) were identified within the Learning Disability Development Fund.
45. The continuing delay in the building works for the Integrated Short Breaks Service at Levick meant that the service restructure has yet to be implemented and the efficiency target was not achieved resulting a pressure of (+£69,000). However, there were staffing savings at St Paul's residential home (-£23,000) to offset this budget pressure.
46. As a result of reduced care packages and receipt of unbudgeted income on the enablement and support budget, a saving of (-£33,000) was achieved. Reductions in the rates paid for existing direct payments achieved savings of (-£21,000).
47. Additional day care costs at Whinstone Training Guild, previously allocated to Supporting People in error, were transferred to Learning Disabilities (+£39,000).

48. **Mental Health: (-£123,000).** 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 (+£84,000). The review of the Mental Health Rehabilitation and Recovery services had a savings target of £79,000, this has yet to be completed resulting in a pressure of (+£21,000).
49. The number of Deprivation of Liberty assessments carried out was lower than expected giving a saving of (-£47,000).
50. A contribution towards the new Living Life service was received in quarter four from Tees Esk and Wear Valley (-£31,000).
51. Savings were also identified on the Forensic Team (-£57,000) and Psychosis Team (-£35,000) budgets due to staff vacancies and maternity leave. In addition, a number of service users eligible for placed under section 117 were discharged since the budget was set resulting in a saving of (-£87,000).
52. A service user entitled to free residential care (under Section 117) was identified; The Department therefore reimbursed his care charges of (+£30,000).
53. **Other Adult Services: (-£54,000).** Anticipated residential short stays in quarter four for service users with substance abuse did not occur resulting in a saving of (-£36,000). In addition, additional costs for service users with HIV/Aids were not been incurred resulting in a saving of (-£18,000).
54. **Ayresome Industries: (+£484,000).** The economic downturn continued to affect sales at the workshop, particularly in relation to UPVC window and door production. Total sales for 2010/11 were only £657,000 compared to a budgeted target of £1,266,000 and raw materials costs also rose considerably reducing the profit margin on sales. The result of this was a net budgetary pressure of (+£426,000). The Department budgeted for a contribution from Tees Esk and Wear Valley (TEWV) NHS trust towards the transfer of the Outlook Industries Service, however, this contribution ceased as at 31st March 2010 resulting in a further pressure of (+£100,000).
55. A number of pressures were identified on the Ayresome Community Transport (ACT) budget that was operational until 3rd January 2011. These included an income shortfall of (+£45,000) from service user charges due to a reduction in demand for the service and pressures on spot hire charges and other transport costs (+£67,000) as a number of the ACT vehicles are no longer road worthy. Following advice from the Service Manager that a Bus Services Operators' grant was due from the Department of Transport for 2009/10, this income was recognised in the 2009/10 accounts. However the grant claim was not completed in time (no later than three months after the period end) and the grant income was not received thus adding to the service pressure in 2010/11 (+£20,000). Service running costs were greater than anticipated resulting in a further pressure of (+£39,000).
56. **Street Wardens: (-£54,000).** A net saving of (-£54,000) was made on staffing costs.

57. **Asylum Seekers: (-£15,000).** The Department carried forward a surplus of (-£286,000) on the Asylum Seekers NASS contract from 2009/10. The surplus for 2010/11 was (-£21,000) giving a total surplus of (-£307,000) by the year- end. The current NASS contract is not going to be extended and the programme ends on 21st May 2011. It is requested that the surplus be carried forward to fund any potential redundancy/retirement and other costs associated with the ending of the contract (+£307,000). Savings of (-£15,000) were made on the Failed Asylum Seekers' budget.
58. **Personal Care: (Domiciliary) (+£17,000).** There was a shortfall of health contributions to personal care packages due to the deaths of jointly funded service users.
59. **Home Care: (Domiciliary) (-£101,000).** Savings on staffing costs across the service division following the review of the provision of internal Domiciliary Care exceeded the budgeted efficiency target of £512,000 by (-£142,000), This additional saving was transferred to the change fund (+£142,000). Further savings were made on staff costs due to vacant posts (-£71,000). Middlesbrough PCT provided funding for a reablement / rapid response service to facilitate early discharges from hospital (-£30,000).
60. **Adult Holding Accounts: (+£20,000).** A saving of £390,000 was made on the Social Care Reform grant £390,000. The service requests that this balance be carried forward to address on going fixed term contract costs arising in 2011/12.
61. Efficiency savings totalling £119,000 were 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 ceased in October and there was only a part year effect of this efficiency saving in 2010/11 creating a budgetary pressure of (+£66,000). Offsetting this pressure were savings on the Stroke (-£52,000) and LINKS Procurement budgets (-£20,000).
62. A further pressure occurred on the Workforce Development budget of (+£24,000) due to a delay in applying for additional funding. This money will now be received and utilised in 2011/12.
63. On the 4th January 2011 the Department received notification of winter pressures funding of £520,000 from Middlesbrough PCT. This funding must be transferred to local authorities (via an agreement under section 256 of the 2006 NHS Act) to invest in Social Care services and benefit health. Spending plans for this funding have been submitted to the PCT and are under discussion. At quarter three, it was agreed to create a new Winter Pressures reserve using this money.
64. **Performance and Planning: (-£67,000).** Savings of (-£76,000) were achieved on the Commissioning staff budget, due to vacant posts and a secondment to a grant funded post. Higher than expected Health & Safety recharges and CRB costs were the main reasons for a budget pressure of (+£28,000) on the Operational Administration budget. As part of the departmental in-year efficiency savings, it was agreed to cut supplies and services budgets by 10% (-£36,000). A reduction in the additional service provision requirement resulted in a saving of (-£10,000). Offsetting these savings, printing costs for the Department exceeded the budget by (+£25,000).

65. **Demand Led Pressures: (-£311,000).** A contingency provision of £1,538,000 was included in the Social Care budget to cover increases in demand in 2010/11. The actual cost of increased demand in 2010/2011 was £1,226,000, a net saving of (-£311,000). This represents a net increase of 60 service users and 36 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	Ceased
From 09/10	778		
11/04/2010	764	86	-100
09/05/2010	780	41	-25
06/06/2010	785	33	-28
04/07/2010	774	17	-28
01/08/2010	784	31	-21
29/08/2010	775	33	-42
26/09/2010	773	18	-20
24/10/2010	782	28	-19
21/11/2010	771	43	-54
19/12/2010	771	12	-12
16/01/2011	771	31	-31
13/02/2011	773	32	-30
13/03/2011	770	35	-38
TOTAL	770	440	-448

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
18/07/2010	477	29	-10
15/08/2010	493	37	-21
12/09/2010	513	22	-2
10/10/2010	504	17	-26
07/11/2010	514	24	-14
05/12/2010	518	24	-20
02/01/2011	522	27	-23
30/01/2011	533	26	-15
27/02/2011	534	26	-25
27/03/2011	541	27	-20
TOTAL	541	314	-252

ENABLEMENT & SUPPORT			
PERIOD ENDING	TOTAL	New	Ceased
From 09/10	59		
April	58	6	-7
May	56	0	-2
June	56	0	0
July	62	7	-1
August	63	1	0
September	66	3	0
October	69	3	0
November	71	2	0
December	62	-9	0
January	63	1	0
February	63	0	0
March	65	2	0
TOTAL	65	16	-10

SUPPORTED TENANCIES			
PERIOD ENDING	TOTAL	New	Ceased
From 09/10	132		
April	134	7	-5
May	134	0	0
June	134	0	0
July	130	3	-7
August	129	0	-1
September	129	0	0
October	129	0	0
November	132	4	-1
December	132	0	0
January	132	0	0
February	132	0	0
March	132	0	0
TOTAL	132	14	-14

66. A number of factors account for the increase of (+£226,000) between the quarter three outturn projection and the final outturn cost. These include the following:-

- a) Full year effect of Respite Care and Short Stay placement costs shown in quarter four (+£97,000). 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.
- b) A net increase of 6 Mental Health residential and nursing placements resulting in additional costs of (+£53,000)
- c) A net decrease of 4 Learning Disability residential placements in the final quarter saving (-£84,000).
- d) A net increase of 19 Direct Payments/Personal budgets in the final quarter costing an additional (+ £12,000).
67. The cost of Older People residential placements increased by (+£145,000) although the net number of placements decreased by 1 compared to the quarter three projection. Costs 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
68. 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.
69. **Direct Payment Surpluses: (+£53,000).** A budget of £568,000 was included in 2010/11 for direct payments surpluses. Surpluses received during the year totalled £652,000. However 20 of the repayments identified were for health funded service users (8 of which are CHC users) and these surpluses were returned to the PCT bringing the net surplus down to £513,000, a budget pressure of (+£53,000). This represents a much improved position from that reported at quarter three when it was estimated that the total surpluses received for the year would only be £420,000.
70. **Bad Debt Provision: (+£104,000).** At quarter three it was estimated that an increase in the bad debt provision of £60,000 would be required. However, further analysis of the outstanding debt suggested that an increase of (+£104,000) was more prudent.

Environment: (+£8,000) down from (+£181,000) at quarter three

71. A net budget pressure of (+£8,000) was incurred by the service as summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Community Protection	-104	-238	-134
Strategic Management	32	27	-5
Streetscene	-194	-155	39
Transport & Design	447	374	-73
Total	181	8	-173

72. **Community Protection: (-£238,000).** There was a saving of (£114,000) on the Preventing Violent Extremism budget as a result of additional funding received late in the year.
73. Within Public Protection, there were pressures around the costs of North Ormesby Market of (+£24,000). There were income (£+22,000) and transport cost (£+15,000) pressures on Pest Control a pressure of (+£10,000) on the Middlesbrough contribution to the overall Metrology budget, an income shortfall of (+£11,000) on the Environment City budget.
74. These were offset by savings, mainly on staffing of (-£58,000) in Private Sector Housing, (-£25,000) in Additional Enforcement, (-£31,000) in Food Health and Safety, and (-£62,000) in Trading Standards / Advice Centre. There were net savings of (-£25,000) on Environmental Protection, and (-£21,000) on Environmental Sustainability, mainly on supplies and services costs.
75. Within Bereavement Services, there is an overall net saving of (-£30,000), with an income surplus of (-£83,000) offset by pressures of (+£17,000) on employees, and on grounds maintenance of (+£36,000).
76. An overall pressure of (+£31,000) was incurred on Sport and Leisure of which (+£133,000) was incurred on the Golf Centre from an income shortfall. Pressures of (+£62,000) on Southlands Pitch income and (+£47,000) on the Rainbow and Café Bar budget were covered by savings of (-£211,000) across the other sport and leisure operations.
77. **Strategic Management: (+£27,000).** A pressure of (+£51,000) was incurred due to the unachieved efficiency saving relating to the transfer from weekly to monthly pay. There was a further pressure of (+£14,000) relating to charges for the Cargo Fleet Depot owned by Erimus Housing. These pressures were partly offset by savings of (-£19,000) on supplies & services costs and (-£19,000) on Community Councils budgets.
78. Streetscene: (-£155,000). There was a pressure of (+£148,000) on Parks and Countryside (Parks, Allotments, open spaces and the farm) budgets due to income shortfalls (+£79,000), supplies and services costs (+£83,000). Additionally, there was an additional pressure on employee costs of (+£27,000) due to two members of staff receiving back pay during 2010/11 for prior years. These pressures were partly by savings of (-£43,000) on premises costs. There was a saving of (£103,000) on the Business Development Unit due to staff savings and increased income.
79. A significant pressure of (+£326,000) was incurred for Waste Collection, due to income shortfalls of (+£133,000), including the unachieved efficiency target for charging for replacement wheeled bins, and not achieving the full efficiency saving relating to charges for non-domestic waste. Additional pressures of (+£40,000) were identified on premises and supplies and services costs, partly due to the cost of purchasing wheeled bins, as demand for replacement bins has not reduced, and (+£200,000) on transport costs, due to vehicle maintenance costs, increased cost of fuel and significant end of lease costs, which were not anticipated. Staff savings of (-£47,000) partly offset these pressures.
80. The pressures on Waste Collection were partly offset by savings of (-£306,000) on transport, employees and an income surplus within Area Care.

81. There was a pressure of (+£20,000) on the Business Development Unit. Savings of (-£88,000) were made on Property Services including (-£11,000) on Public Conveniences, (-£66,000) on Building Cleaning and Security and (-£39,000) on Building Works. These savings were partly offset by a pressure of (+£28,000) on Streetscene Catering. A saving of (-£12,000) was made on Fleet staff costs.
82. There were pressures on Waste Disposal budgets, due to closures of the Energy from Waste Plant for essential repairs and maintenance, resulting in waste being sent to landfill. However, there were significant savings on the costs of recycling due to the new Kerbside Recycling Contract, resulting in a saving of (-£140,000) on Waste Disposal overall.
83. **Transport & Design: (+£374,000).** There was a net pressure of (+£83,000) on Design Services budgets. Reduced fee income of (+£157,000) within the Architects service was partly offset by a (-£74,000) income surplus and expenditure savings within the Engineers service.
84. There was a saving of (-£142,000) on Highways Engineering Services. A pressure of (+£357,000) was identified on Highways Maintenance operation as a result of reduced income generation and overhead recovery following the adverse winter weather. Further pressures occurred on Supermarket Trolleys (+£28,000), on the street lighting maintenance contract (+£76,000) and on Transporter Bridge and Visitors Centre (+£23,000) budgets. There were further pressures of (+£43,000) on the cost of the Laboratories Joint Arrangement and (+£23,000) relating to an unachieved efficiency target for road closures.
85. These pressures were offset by savings of (-£231,000) on planned footway maintenance costs, and (-£200,000) on the costs of work funded through the Middlehaven Commuted Sums budget. There were additional savings of (-£40,000) on the cost of RTA / debris clearance, (-£38,000) on Christmas Decorations, (-£33,000) on Built Environment management costs (mainly due to insurance savings), (-£55,000) on Intervention Team, (-£40,000) on Becks Maintenance, (-£10,000) on Bridges, (-£10,000) on unscheduled emergency work, (-£11,000) of accident damage income and other small savings across highways budgets totalling (-£24,000).
86. A saving of (-£74,000) was made on Management and Administration staff and supplies and services costs.
87. There was a pressure of (+£415,000) on Parking Solutions, made up of net income shortfalls of (+£162,000) on Decriminalised Parking Enforcement and (+£296,000) Off Street Parking income partly offset by a (-£30,000) income surplus on On-Street Parking, and a small saving of (-£13,000) on Staff Car Parking. The current economic climate, and also the adverse weather over the Christmas period had a significant impact on parking income opportunities and the ability to enforce parking regulations.
88. There was a saving of (-£83,000) on the Road Safety and Traffic budget, primarily on staff costs (-£117,000) partly offset by pressures of (+£24,000) on supplies and services, following the Area Based Grant (ABG) reduction and a further (+£10,000) pressure across income, premises, transport and third party payments.

89. There was a total pressure of (+£174,000) on Transport & Policy. A (+£77,000) pressure resulted from an unachieved efficiency saving relating to the review of Bus Station operating arrangements. There was a further pressure of (+£95,000) on the Bus Station budget, due to income shortfalls, the cost of the Bus Information System and an increase in the Bus Station bad debt provision.
90. On the Transport & Policy budget there were savings of (-£69,000), mainly on staffing and supplies and services costs, which were offset by the (+£76,000) pension cost of two members of staff commencing flexible retirement late in 2010/11.
91. Further pressures of (+£13,000) on bus revenue support payments, (+£31,000) on the cost of the Urban Bus Challenge Project were incurred. These were offset by savings on the Traffic Signals Joint Arrangement (-£44,000).
92. A detailed breakdown of the efficiency savings is shown in appendix B.

Regeneration: (-£708,000) up from (-£666,000) at quarter three

93. A net saving of (-£708,000) was incurred by the service as summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Development Division	-249	-258	-9
Economic Development, Cultural & Community	-352	-371	-19
Executive Director	-7	-11	-4
Museums & Galleries	-55	-68	-13
Bad Debt Provision	-3	0	3
Total	-666	-708	-42

94. **Development: (-£258,000).** There were pressures on the Development Control income due to reduced applications (+£60,000) and form planning enquiries & appeals (+£14,000), supplies & services (+£10,000). This was offset by staff savings of (-£11,000) due to maternity leave and reduced hours.
95. There was an income shortfall of (+£26,000) on the Building Control budget partly offset by savings of (-£10,000) on the transport and supplies & service budgets. The deficit on the new trading account will be taken into account when setting fees & charges for future years as outlined in the Building (Local Authority Charges) Regulations 2010.
96. Urban Policy: (-£18,000). There was a net staff saving of (-£105,000) due to maternity leave, reduction in hours and recharging of staff to externally funded projects to maximise grant income. An anticipated pressure relating to the disposal costs for the ongoing arrangements on the sale of Acklam Hall was to be offset by the developer's contribution towards the legal and agent's fees. The sale of the asset did not happen in 2010/11 and therefore the developer's contribution was not received resulting in a pressure of (+£50,000) for the service. There was a pressure of (+£44,000) for compensation costs relating to abortive works undertaken at Centre

Square arose in March 2011. There were also savings of (-£7,000) on the supplies & services.

97. There was a saving in Planning Administration of (-£26,000) due to the delay in appointment to the Head of Development Division. A pressure of (+£49,000) was incurred on management costs associated with delivering the Grove Hill and Cannon Park projects. There is a projected saving of (-£44,000) on the Stockton / Middlesbrough budget due to staff being seconded to Tees Valley Unlimited
98. There were savings on the Regeneration Programmes team of (-£42,000) as a result of staff vacancies and recharging of staff to external shared partner arrangements. There were also savings due to income generation for advice and consultancy work (-£42,000) and on supplies and services (-£10,000). There was also a saving of (-£212,000) on the Area Based Grant for Working Neighbourhood Fund after meeting redundancy costs and commitments for future years schemes.
99. There were savings of (-£60,000) across the Strategic Housing on staff costs (-£30,000), furniture storage budget (-£13,000), supplies & services (-£15,000) and additional Housing Assistance fee income of (-£10,000)
100. **Economic Development Culture & Communities: (-£371,000).** There were savings on the Economic Development on staffing costs due to a vacant post and members of staff not being in the Local Government Pension Scheme (-£27,000), supplies & services and a (-£58,000) saving on the Area Based Grant for Economic Assessment.
101. **Community Regeneration: (-£32,000).** There were savings of (-£32,000) on the Community Cohesion budget
102. **Libraries: (-£187,000)** There were savings of (-£122,000) from the service review. Further savings were made on the book fund (-£17,000) and on supplies & services (-£28,000).
103. **Cultural Services: (-£35,000).** There were staff savings of (-£11,000). The Theatre had a successful year, for the Pantomime in particular, and this resulted in a net saving of (-£14,000) against the programming and festivals & events budgets. The service made a saving of (-£10,000) from additional income at the Tourist Information Centre on Ormesby Hall ticket sales.
104. There was a saving of (-£11,000) on the budget for the **Director of Regeneration** on transport and supplies & service costs.
105. **Museums and Galleries (-£68,000).** There was a saving on the Dorman and Captain Cook Museum budgets on staff costs savings of (-£26,000) and an income surplus for the shops, cafes and education visits (-£22,000) and savings on supplies & services (-£10,000).
106. There were savings for MIMA budget on premises and supplies & services (-£39,000). These savings were offset by pressures from the installation of the new chiller equipment (+£13,000) and stock adjustment of (+£28,000) due to incorrect valuations and water damage water.
107. **Efficiency savings:** The service over-achieved its target by £12,600 and a detailed breakdown is shown on Appendix B.

Corporate Services: (-£984,000) up from (-£794,000) at quarter three

108. A net saving of (-£984,000) was incurred by the service as summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Legal & Democratic Services	-103	-177	-74
Strategic Resources	-488	-592	-104
Performance & Policy	-187	-206	-19
Chief Executive's Office	-39	-54	-15
Corporate Services Bad Debt	23	45	22
Total	-794	-984	-190

109. **Legal & Democratic Services: (-£177,000).** Staffing cost savings were made on the Senior Management (-£7,000) and Welfare (-£40,000) budgets. Further savings were made on the Common Law budget (-£51,000) from the receipt of unbudgeted income for legal work carried out in relation to the Mouchel Partnership and from vacant posts.

110. These savings were partly offset by a pressure of (+£25,000) on the General Services from the increasing cost of law publications. The continuing economic downturn continued to have a significant effect on property sales and there was an income shortfall of (+£95,000) on the Property & Regeneration. The pressure was partially offset by savings of (-£81,000) on staffing costs.

111. A pressure of (+£55,000) was incurred on the Coroner's budget reflecting the costs incurred on a long-term inquest and an increase in charges from the PCT for post mortems.

112. Savings totalling (-£63,000) were made on Members' basic and special responsibility allowances, car allowances and development budgets. Vacant posts were the main reason for the saving of (-£31,000) on the Governance Team. Savings were also made on Political Assistants (-£20,000), Civic & Ceremonial (-£18,000), Resources (-£16,000) and General Service (-£15,000). Unbudgeted income contributions from neighbouring local authorities was the main reason for a saving of (-£32,000) on the Scrutiny budget. These savings were partially offset by additional Electoral Registration costs of (+£28,000).

113. **Strategic Resources: (-£592,000).** A review of Housing Benefit payments generated (-£139,000) of additional income from overpayment recovery. There were further savings of (-£84,000) are expected on Housing Benefit costs primarily as a result of the actual level of Housing Subsidy income received for 2009/2010 being considerably higher than the estimated figure used when closing the 2009/10 accounts. Grant payments were also lower than expected (-£60,000). These savings were partly offset by an increase in payments due to Mouchel under the terms of the partnership contract because of an increase in the workload (+£87,000).

114. Savings of (-£88,000) were made on Council Tax collection costs as a result of court fee income recovery exceeding the budgeted target. Further savings were made on Strategic Accountants (-£61,000) and Loans & Investments (-£35,000) costs due to vacant posts. Savings were also made on the Value for Money Team professional fees budget (-£10,000) and on Commercial Property costs (-£16,000). Maintenance costs were lower than expected and Industrial Unit rental income increased in the final quarter of the year. A net saving of (-£24,000) was made on the Senior Management budget. This was primarily due to savings on professional fees as a result of the decision to cease spending once existing contracts expired.
115. The requirement to employ agency staff to cover for vacant posts produced a pressure of (+£68,000) on Internal Audit costs. A joint service arrangement with Redcar & Cleveland Council commenced on the 1st January 2011 and this will deliver savings from 2011/2012 onwards. A further pressure of (+£47,000) was incurred on the Insurance and risk management budget as the level of support service costs chargeable to the Insurance Fund were lower than forecast.
116. Savings of (-£76,000). were made on Strategic Commissioning & Procurement Unit on staffing costs, training costs and on the Multi Functional Devices (Printer/Photocopies/Fax) costs (-£30,000).
117. An overall saving of (-£574,000) was made on the Mouchel Partnership budget, an increase of -£63,000 on the position reported at quarter three. It is requested that the additional saving is transferred to the Change Programme making a total transfer of (+£574,000) for the year.
118. In addition to this, approved spending from the Corporate Initiatives fund was (-£130,000) lower than the budgeted level.
119. **Performance & Policy: (-£206,000).** Significant savings were made on staffing costs as a result of a policy of deliberately keeping posts vacant in anticipation of the forthcoming efficiency savings targets taking effect from 2011/12.
120. **Chief Executives Office: (-£54,000).** A reduction in supplies & services spending was the main reason for savings of (-£40,000). A saving of (-£14,000) was also made on the Chief Executive's Initiatives budget.
121. **Bad Debt Provision: (+£45,000).** An increase in the level of outstanding property rental debt over two years old resulted in the Corporate Service bad debt provision increasing by (+£45,000).
122. Detailed breakdowns of the efficiency savings are shown in appendix B.

Central Costs: (-£3,222,000) up from (-£2,531,000) at quarter three

123. A net saving of (-£3,222,000) was incurred on Central Costs, Reserves and Provisions as summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Pay & Prices	-1,378	-1838	-460
Capital Financing	-760	-863	-103
Custodian Properties	17	9	-8
Right to Buy Receipts	151	141	-10
Ex Trading Services	-138	-126	12
Designated Authorities	-13	-12	1
Unfunded Pensions	-308	-310	-2
Levies	-5	-18	-13
Precepts	0	0	0
HR Saving Proposals	142	132	-10
VAT claims	-67	-48	19
Goods Receipts reversals	-452	-482	-30
Winter Maintenance	300	258	-42
Miscellaneous	-20	-65	-45
Total	-2,531	-3,222	-691

Allocation to Reserves and Provisions: (+£5,123,000)

124. Summary of changes to Reserves and Provisions:

Approved	£,000
Transfers Approved during 2010/2011	+3,460
Proposed	
Transfer From Reserves/Provisions	-256
Transfer to Change Programme	+1,419
Transfer to Social Care & Vulnerable Children	+,500
TOTAL	5,123

125. **Efficiency Savings:** The Council has embedded within its budget monitoring procedures reporting on efficiency savings. The Council is projected to exceed its efficiency savings target by (-£44,000). The table below summaries the projected outturn position:

	Target £000's	Outturn £000's	Variance £000's
Children, Families and Learning	3,348	3,117	231
Social Care	836	802	34
Environment	1,771	2,053	-282
Regeneration	699	712	-13
Corporate Services	873	887	-14
Total Savings	7,527	7,571	-44

Appendix B provides a detailed analysis for each service.

Balance Sheet Management

126. **Reserves / Provisions:** The table below summarises the movements on reserves and provisions for 2010/2011. A detailed breakdown of the movements is shown in Appendix D - Reserves and Appendix E - 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	8,806	15,312	10,664	13,454
Provisions	4,078	86	961	3,203
Total	18,515	15,398	11,625	22,288

127. **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	Bad Debt Provision 31/03/2011 £000's	Projected Increase / Decrease £000's
Children, Families and Learning	589	500	-89
Social Care	508	612	104
Environment	442	477	35
Regeneration	203	198	-5
Corporate Services	603	648	45
Total Bad Debt Provision	2,345	2,435	90

EQUALITY IMPACT ASSESSMENT

128. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

129. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

130. A net budget saving of (-£416,000) was incurred within general fund services for the year as summarised below:

	3rd Qtr Outturn £'000s	Actual Outturn £'000s	Variance £'000s
Children, Families and Learning	195	-175	-370
Social Care	-321	-458	-137
Environment	181	8	-173
Regeneration	-666	-708	-42
Corporate Services	-794	-984	-190
Central Costs	-2,531	-3,222	-691
Allocation to Reserves & Provisions	3,525	5,123	1,598
Total	-411	-416	(5)

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

	General Fund £'000s
Opening Balance	5,721
Less:	
Allocation to 2010/11 Revenue	-1,000
Add:	
Net 2010/11 Revenue Saving	416
Balance as at 31st March 2011	5,137

RECOMMENDATIONS

132. Overview and Scrutiny Board are asked to: -

- a) Note 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 2010/2011 5th August 2010
- Quarter 2 Consolidated Revenue Budget Projected Outturn 2010/2011 23rd November 2010
- Quarter 3 Consolidated Revenue Budget Projected Outturn 2010/2011 29th March 2011

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