

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

1st Quarter Revenue Budget Projected Outturn

Director of Strategic Resources

23 August 2011

PURPOSE OF THE REPORT

1. To present to the Overview and Scrutiny Board an estimate of the annual projected outturn for 2011/2012 based on the first quarter review of revenue expenditure against the current years Revenue Budget.

SUMMARY OF RECOMMENDATIONS

2. Overview and Scrutiny Board are asked to: -
 - a) Note 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	<input checked="" type="checkbox"/>
Urgent report	<input type="checkbox"/>

If urgent please give full reasons

EXECUTIVE SUMMARY

5. Overall the projected outturn of the Council is showing a large pressure on financial resources and includes significant pressures within services:

- Children Families and Learning are reporting increases in demand led pressures within Safeguarding, which are ongoing.
 - Car parking Income is down because of increased competition and significantly reduced demand.
 - Temporary closure of the SITA Waste to Energy plant for refurbishment will have a major impact on the service.
 - The Architects service is reporting a large pressure due to lack of work.
6. The services will be looking at ways to make savings and reduce these pressures throughout the rest of the year.
7. 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

8. The Council on the 7th March 2011 set its revenue budget at £136.508 million for 2011/2012. A Council Tax increase of 2.5% for Middlesbrough Council was approved and will be funded from the Council Tax Freeze grant.
9. In setting the 2011/2012 budget, approximately £6.9 million of efficiency savings were identified. The Council approved an extra £3.3 million for key services; including:
- £2.30 million for Children Families and Learning
 - £0.75 million for Social care for older people and disadvantaged groups
 - £0.115 million for Regeneration
10. The projected outturn position for 2011/2012 is a net budget pressure of (+£1,651,000). This represents a 1.2% pressure against the £136.508 million 2011/2012 budget. The projected outturn position is summarised below:

	Budget 2011/2012	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	27,719	28,952	1,233
Social Care	43,901	43,853	-48
Environment	23,994	24,481	487
Regeneration	7,412	7,628	216
Corporate Services	24,669	24,831	162
Central Costs & Provisions	8,813	8,414	-399
Total	136,508	138,159	1,651

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

Children, Families and Learning: (+£1,233,000)

11. The service predicts a net budget pressure of (+£1,233,000) at the end of the 1st quarter. The projected outturn position is summarised below: -

	Budget 2011/2012 £'000s	Estimated 1st Qtr Outturn £'000s	Variance £'000s
Commissioning & Resources	2,047	2,170	123
Achievement	1,400	1,468	68
Children's Trust & Performance	2,996	2,979	-17
Schools Budget	89,519	89,519	0
Strategic Management	172	172	0
Safeguarding	21,713	22,772	1,059
DSG	-90,128	-90,128	0
Total	27,719	28,952	1,233

12. **Commissioning and Resources: (+£123,000).** The Cross Departmental Administration Team is estimating a pressure of (+£163,000). The original review in 2010/11 was to recharge expenditure to a number of external grants but these have now ceased. Implementation of the administration review will be brought forward accordingly to mitigate this pressure.
13. Savings of (-£25,000) over and above the vacancy freeze target are estimated for 2011/12 and a further saving of (-£15,000) is predicted on overtime costs in the Governor Support Team.
14. **Achievement (+£68,000).** The service is not expecting to achieve its vacancy freeze target in full resulting in a pressure of (+£74,000). A staffing pressure of (+£31,000) is forecast on the Extended Schools budget due to a delay in the timescale for completing the service restructure.
15. Savings of (-£27,000) are anticipated on the Asylum Seekers' due to a freeze on supplies and services expenditure and on the SEN Administration (-£19,000) due to savings on staffing costs and a reduction in the contract price.
16. **Children's Trust & Performance: (-£17,000)** Staffing cost savings are expected to exceed the vacancy freeze target for 2011/12 by (-£17,000).
17. **Safeguarding: (+£1,059,000).** The main pressures relate to an increase in the number of Looked After Children placements. Placements have been reviewed as part of the recent Ofsted Inspection and are regarded as appropriate and essential given the needs of the children. Greater co-ordination and integration of early intervention and prevention services is needed to reduce future placement levels. A number of activities have already reduced the cost of some placements and this will continue.
18. A pressure of (+£42,000) is predicted for the Fostering Team transport costs. A further pressure of (+£28,000) is projected for the In House Fostering service reflecting an increase in the number of Foster Carers and the current payment rates.

19. A pressure of (+£182,000) is projected on the Independent Fostering Agencies budget. This pressure is subject to change as it is a demand led service. As at 30th June 2011 there were 121 active independent fostering placements of which 116 are full time placements and 5 are short break placements. The breakdown is as follows:

Long Term / Permanent Placements from 10/11	93
Short Term Placements from 10/11	3
New Placement 11/12	20
Short Break Placements	5

20. There were 33 placements made between 1st April and 30th June 2011, but only 26 were new placements as 2 were long-term placements and 5 were more recent new placements that had unfortunately broken down.
21. During the period a total of 20 placements ceased, of which 10 were placements since the beginning of the year, 8 were longer-term placements and 2 were short break placements. The breakdown is shown in the following table with figures for last year in brackets for comparison:

Month	Total Placements at start of month	New Placements	Ceased Placements	Total Placements at the end of the Month
Apr-11	108	15 (7)	9 (4)	114 (110)
May-11	114	6 (6)	6 (4)	114 (112)
Jun-11	114	12 (7)	5 (7)	121 (112)

22. A pressure of (+£805,000) is forecast on Children's Agency Residential Schools budget. This pressure is subject to change as it is a demand led service. As at the 30th June 2011 there were 49 residential placements.
23. Since April 2011 there have been 9 new placements and 3 placements have ceased. These are high cost placements for children & young people with significant needs. A breakdown in the monthly movements in the number of placements is set out below with the previous year figures shown in brackets for comparison. following table:

Month	Total Placements at start of month	New Placements	Ceased Placements	Total Placements at the end of the Month
Apr-10	43	4 (3)	1 (0)	46 (34)
May-10	46	3 (4)	1 (1)	48 (37)
Jun-10	48	2 (4)	1 (5)	49 (36)

24. The management Support Section is forecasting a pressure of (+£118,000) relating to legal fees

25. Staffing cost savings are expected to exceed the vacancy freeze target for 2011/12 by (-£99,000) and further savings are projected on the Enquiry & Assessment Team (-£13,000) and Adoption Team (-£4,000) budgets.
26. A detailed breakdown of the efficiency savings is shown in appendix B
27. An update on the CFL actions required from 2011/2012 quarter one budget update meeting is shown in appendix C.

Social Care: (-£48,000)

28. The service predicts a net saving of (-£48,000) at the end of the 1st quarter as summarised below: -

	Budget 2011/2012	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Service Strategy	372	304	-68
Adults	34,809	34,256	-553
Performance & Planning	7,543	8,125	582
Integrated Transport Unit	1,017	758	-259
Ayresome Industries	160	402	242
Bad Debt Provision	0	8	8
Total	43,901	43,853	-48

29. **Service Strategy: (-£68,000)** saving of (-£68,000) is predicted following the reconfiguration of the senior management team.

ADULTS

30. **Older People: (-£18,000)** Take up for the Carelink Service is improving following a marketing review that took place last year however a pressure of (+£67,000) is still anticipated. This consists of an income shortfall of (+£59,000), pool staff costs of (+£34,000) over the budgeted level and the abatement target of £14,000. Additional reablement money from health is being sought which will offset these pressures by £40,000.
31. In an effort to reduce costs, negotiations are on going with the independent sector to freeze prices at 2010/11 levels. Outturn projections assume a 0% inflation uplift, will be awarded and inflation savings for Older People are estimated at (-£269,000).
32. Since the budget was set, there have been increases to the care packages of 21 service users in receipt of a personal budget resulting in a projected pressure of (+£30,000). A review of the staffing levels within the residential rehabilitation unit at Middlesbrough Intermediate Care Centre is underway. Until this has been completed it has been necessary to employ agency staff at a cost of (+£14,000).

33. There is currently a pressure on staffing in the Older People's division totalling (+£137,000).
34. **Physical Disabilities: (-£96,000)** Savings of (-£16,000) in excess of the budgeted efficiency target of £27,000 are predicted as a result of the Sensory Loss service transferring back to Middlesbrough from Redcar & Cleveland Council. Inflation savings on care packages (-£75,000) and additional service user income (-£52,000) is anticipated. This is partially offset by increases in the cost of care packages for 12 service users since the budget was set (+£47,000).
35. **Learning Disabilities: (+£18,000)** Inflation savings in this division are estimated at (-£246,000). These savings are offset by an increase in unit cost of several residential packages (+£80,000), increased hours purchased in supported tenancies and personal budgets (+£62,000).
36. There is a pressure on staffing in the Voluntary Training Centre (+£57,000) and the Transitions team (+£31,000). A further pressure of (+£22,000) is forecast on overtime and allowances costs. These pressures will be offset by a budget transfer from the Social Care reform allocation.
37. **Mental Health: (-£118,000)**. There is a saving forecast in the newly created Living Life Service (-£88,000) as a result of unbudgeted income from Middlesbrough MIND and Tees Esk and Wear Valley NHS Trust. Community care package inflation savings within the Mental Health division are projected to be (-£43,000).
38. The re-grading of 3 staff within the Crisis Resolution Team will result in a budget pressure of (+£23,000), income is being sought (though not guaranteed) from Tees Esk and Wear Valley NHS Trust to cover this cost. Other staff savings of (-£10,000) are forecast as a result of not backfilling maternity leave.
39. **Asylum Seekers: (-£158,000)** The service carried forward a surplus of (-£307,000) on the Asylum Seekers NASS contract from 2010/11. The NASS contract ceased in May 2011 and residual costs of the programme during 2011/12 are anticipated at (+£186,000). Savings are also forecast on the failed asylum seekers' budget (-£37,000) although costs may escalate following the termination of the NASS contract when cases are subsequently reviewed.
40. **Domiciliary Care: (+£33,000)**. Inflation savings on purchased packages are estimated at (-£57,000) however this is partially offset by a shortfall in service user income of (+£16,000). Following the introduction of the reablement service, an efficiency target of £75,000 was set to reduce the number of care hours purchased. To date £27,000 has been achieved leaving a pressure of (+£48,000).
41. **Adult Holding Accounts: (-£540,000)**. Savings of (-£378,000) are expected on the social care reform budget. Of this, £134,000 is to be transferred to other sections to fund identified pressures. Work is ongoing to identify how the balance of the ring-fenced carry forward can be used to support other areas of the Social Care budget.
42. The Local Involvement Network contract with the Carers Federation has been extended until 31/3/2012 at a reduced price resulting in anticipated savings of (-£50,000). Delays in recruitment to social work posts in the First Contact and Older Peoples Mental Health teams have resulted in a projected saving of (-£96,000). Other staffing savings of (-£15,000) have been identified.

PERFORMANCE & PLANNING

43. **Supporting People: (+£613,000)** It is anticipated there will be a pressure on the Supporting People budget of (+£613,000). Work is on-going to review all the contracts that are currently in place, however, to achieve the level of savings required to bring the budget into balance, significant cuts to services would be required. The consequence of this would be an increase in the number of service users requiring other care, paid for by Social Care at a much more expensive rate e.g. residential care, supported tenancy (with no independent living funding).
44. **Performance and Planning (-£30,000).** Savings of (-£26,000) are projected following the early retirement of a member of staff. A further saving of (-£8,000) is predicted due to the cancellation of an ASP. In addition, there is a pressure on the car allowance budget across the teams of (+£4,000).
45. **Demand Led Budgets: (+£327,000).** The provision set aside for increased demand in 2011/12 is £500,000. The estimated cost of increased demand across the service in quarter 1 is £77,000 and increased demand in quarters 2 to 4 are forecast to cost an additional £750,000. A pressure of (+£327,000) is therefore forecast.

Social Care Demand Led Pressures 2011/12

PERIOD ENDING	TOTAL RESIDENTIAL & NURSING			
	Balance b/f	New	Ceased	Bal c/f
10/04/2011	771	15	-17	769
08/05/2011	769	26	-20	775
05/06/2011	775	27	-23	779
TOTAL	771	68	-60	779

Average unit Cost (net) £ 473.72

(Ranges from £303 - 966 per week net)

PERIOD ENDING	TOTAL DIRECT PAYMENTS + PB'S			
	Balance b/f	New	Ceased	Bal c/f
24/04/2011	541	31	-39	533
22/05/2011	533	16	-16	533
19/06/2011	533	35	-14	554
17/07/2011	554	4	-14	544
TOTAL	541	86	-83	544

Average unit Cost (net)

£128.18

PERIOD ENDING	TOTAL ENABLEMENT & SUPPORT			
	Balance b/f	New	Ceased	Bal c/f
April	63	8	-1	70
May	70	9	0	79
June	79	0	-5	74
TOTAL	63	17	-6	74

PERIOD ENDING	SUPPORTED TENANCIES			
	Balance b/f	New	Ceased	Bal c/f
April	132	0	0	132
May	132	0	0	132
June	132	2	0	134
TOTAL	132	2	0	134

TOTALS	1507	173	-149	1531
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46. **Integrated Transport Unit (-£259,000)** A saving of (-£398,000) following the integration of the CFL and Social Care transport functions. This saving is reduced however by several factors. The amalgamation of Newlands and St Davids Schools to the new Trinity site has increased the size of the catchments area at an increased cost of (+£28,000). Also, additional work transporting vulnerable children is incurring a cost of £662 per day, a total of (+£111,000) per school year.
47. **Ayresome Industries: (+£242,000)** The economic downturn continues to affect sales at the workshop, particularly in relation to UPVC window and door production. Based on sales levels in 2010/11, it is anticipated there will be an income shortfall of (+£378,000). The reduced sales levels will lead to a reduction in raw material purchases (-£127,000). Other minor savings of (-£10,000) have been identified.
48. A detailed breakdown of the efficiency savings is shown in appendix B.
49. An update on the Social Care actions required from the 2011/2012 quarter one budget update meeting is shown in appendix C.

Environment: (+£487,000)

50. The service predicts a net pressure of (-£487,000) at the end of the 1st quarter. The projected outturn position is summarised below:

	Budget 2011/2012	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Community Protection Management	3,873	3,797	-76
Environment Services	795	620	-175
Registrars	17,956	18,694	738
Street Wardens	88	88	0
	1,282	1,282	0
Total	23,994	24,481	487

51. **Community Protection: (-£76,000).** There is a projected pressure of (+£25,000) within the Community Safety Team, due to a reduction in grant funding. A pressure is also forecast within the Safer Middlesbrough Partnership budget. An efficiency saving was proposed on this budget, based on anticipated grant funding to be received. As the actual grant funding was less than anticipated the service is unable to fully achieve the savings target resulting in a projected pressure of (+£36,000).
52. Within Public Protection, injury payments made to a former Council employee are creating a projected pressure of (+£12,000) on North Ormesby Market. There is an additional projected pressure of (+£10,000) on the Council's contribution to the overall Metrology budget. These projected pressures are offset by projected savings, mainly due to vacant posts in Food Health & Safety (-£63,000), Private Sector Housing (-£40,000), Environment City (-£12,000) and Trading Standards / Advice Centre (-£25,000).

53. An overall saving of (-£27,000) is projected on Sport and Leisure. The Golf Centre is currently projected to break even. Income is slightly down against budget but expenditure has been reduced accordingly. There is a projected pressure of (+£46,000) on Parks and Countryside, mainly due to shortfalls in income generation. Action plans are in place with the aim of mitigating this pressure.
54. ER/VR savings are estimated at (-£38,000)
55. **Strategic Management: (-£175,000).** Strategic Management has retained ER/VR savings over and above budgeted efficiency targets. These savings will be used to offset pressures elsewhere within the Environment Directorate.
56. **Environment Services: (+£738,000).** A pressure of (+£246,000) is projected for Waste Collection. An income shortfall of (+£102,000) is forecast due to the efficiency targets for charging for replacement wheeled bins and charges for non-domestic waste being only partially achieved. There are also pressures of (+£71,000) on staffing, mainly due to the cost of overtime for staff training day cover. Pressures of (+£25,000) are projected on premises and supplies and services costs, partly due to the cost of purchasing wheeled bins, and on transport (+£48,000) due to the increased cost of fuel and lease costs, which were not anticipated.
57. There is a significant projected pressure of (+£484,000) on Waste Disposal. This is mainly due to the increased cost of disposing of waste due to the refurbishment of the Energy from Waste Plant. The estimated effect on the budget is based on current indications of dates of closure and alternative arrangements to be used whilst the closures are in place. It should be noted that any deviation from the assumed closure dates could have a significant impact on the level of the projected pressure. Above inflation Increases in gate fees for the Energy from Waste Plant have also contributed to the pressure. Action plans are in place with the aim of mitigating this pressure as much as possible. It is proposed to fund the pressure with an allocation from the General Fund.
58. A saving of (-£65,000) is projected for Active Travel. This is made up of savings on Concessionary Fares, over and above the efficiency savings target (-£50,000) payments to the Transport Lead Authority (-£10,000), Bus Revenue Support payments (-£25,000) and staff savings on School Crossing Patrols due to vacancies and staff not in the Local Government Pension Scheme (-£50,000). These savings are offset by a net projected pressure of (+£70,000) on the Bus Station, mainly due to shortfalls in income generation for rents and service charges.
59. There is a projected pressure of (+£510,000) on Parking Solutions, made up of net income shortfalls of (+£350,000) on Off-Street Parking, (+£170,000) on Decriminalised Parking Enforcement and a small projected saving of (-£10,000) on Staff Car Parking. The economic climate, reduced car use due to increasing fuel costs, competition from private operators and drivers taking more care in where they park in order to avoid incurring fines, continue to have a negative effect on income generation.
60. Income pressures of (+£12,000) on Transporter Bridge and (+£42,000) on Management of the Highways are anticipated. A further pressure of (+£23,000) exists due to an unachievable efficiency savings target relating to a reduction in the number of road closures required. A pressure of (+£20,000) is projected on the Street Lighting Maintenance contract.

61. ER/VR savings are estimated at (-£60,000) for the Environment Services.
62. A detailed breakdown of the efficiency savings is shown in appendix B.
63. An update on the Environment actions required following the 2011/2012 quarter one budget update meeting is shown in appendix C.

Regeneration: (+£216,000)

64. The service predicts a net pressure of (+£216,000) at the end of the 1st quarter. The projected outturn position is summarised below:

	Budget 2011/2012 £'000s	Estimated 1st Qtr Outturn £'000s	Variance £'000s
Development Division	1,911	1,886	-25
Architects (Development Division)	-301	-131	170
Landscape (Development Division)	201	201	0
Economic Development, Cultural & Community	4,015	4,076	61
Executive Director	192	192	0
Museums & Galleries	1,394	1,401	7
Bad Debt Provision	0	3	3
Total	7,412	7,628	216

Development: (+£145,000).

65. **Planning Services: (+£23,000).** There is an anticipated pressure of (+£25,000) on the Building Control Service due to an income shortfall of (+£55,000) partially offset by staff savings of (-£30,000). The Development Control service is anticipated to be budget neutral. Income is expected to exceed the budgeted target by (-£25,000) but this is offset by staff cost pressures of (+£25,000) as a result of the extension of temporary contracts for members of staff due to significant increase in number of major planning applications and maternity leave cover.
66. **Housing Regeneration: (-£48,000).** The team has been pro-active in seeking management and consultancy advice work resulting in unbudgeted income of (-£66,000) being anticipated. This is offset by a projected pressure of (+£18,000) resulting from the extension of temporary contracts for members of staff.
67. **Urban Regeneration: (+£48,000).** Pressures are anticipated due to the extension of a temporary contract for a member of staff (+£15,000) and the transfer of a member of staff from Tees Valley Unlimited (+£50,000). The pressures are partly offset by anticipated savings of (-£17,000) on the budgets for Stockton / Middlesbrough Initiative and Tees Valley Unlimited.
68. **Strategic Housing Service: (-£30,000).** Staff savings of (-£64,000) are expected due to vacant posts and reduced working hours partially offset by a pressure of (+£34,000) on the income target for Housing Assistance fees.

69. **Architects: (+£170,000).** There is an anticipated pressure of (+£290,000) due to a reduction in fee income. This is partially offset by staff savings of (-£120,000) due to vacant posts, officers working reduced hours, officers not being in the Local Government Pension scheme and officers being paid at a lower grade than budget. There is a review of the Architects Service currently being undertaken to reduce costs and all agency staff have been advised that their contracts are likely to be ended by end of October
70. **Head of Development: (-£18,000).** A saving is anticipated following a budget transfer from the Executive Initiatives budget.

Economic Development Culture & Community: (+£61,000).

71. **Community Regeneration: (+£11,000).** An anticipated pressure of (+£22,000) is forecast due to a shortfall of income at Grove Hill Resource Centre as tenants have now vacated the building offset by additional income of (-£18,000) generated from externally funded bodies. The pressures are offset by anticipated staff savings of (-£13,000).
72. **Libraries: (-£35,000)** Staff costs savings of (-£28,000) are anticipated after meeting increased costs for temporary register and casual staff due to delays in appointments to a number of posts.
73. **Cultural Services: (+£34,000).** There is a projected pressure of (+£34,000) within the festivals and events budget regarding Intro after the application of a contingency provision.
76. **Economic Development Culture & Community: (+£39,000).** A generic budgeted efficiency target was included under this heading, which was not allocated to a specific service area. The target will be achieved by identifying alternative savings across the service.
77. **Museums and Galleries (+£7,000).** . There is an anticipated pressure of (+£25,000) on the income targets at MIMA for sponsorship & donations and corporate hires. Bids for grant funding are being submitted that could reduce the pressure. There has also been an increase in business rates charges of (+£15,000). Savings are forecast on staffing (-£38,000) and on supplies & services (-£5,000).
78. A detailed breakdown of the efficiency savings is shown in appendix B.
79. An update on the Regeneration actions required from 2011/2012 quarter one budget update meeting is shown in appendix C.

Corporate Services: (+£162,000)

80. Corporate Services predict a net budget pressure of (+£162,000) at the end of the 1st quarter. The projected outturn position is summarised below:

	Budget 2011/2012	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Legal & Democratic Services	2,785	2,777	-8
Strategic Resources	21,379	21,465	86
Assistant Chief Executive's Office	1,570	1,645	75
Chief Executive's Office	1,201	1,186	-15
Corporate Services Recharges	-2,266	-2,266	0
Corporate Services Bad Debt	0	24	24
Total	24,669	24,831	162

81. **Legal & Democratic Services: (-£49,000).** Staffing cost savings are forecast on the Welfare (-£23,000), Common Law (-£52,000) and Senior Management (-£12,000) budgets. This is partially offset by anticipated pressures of (+£49,000) on Property & Regeneration fee income reflecting the impact of the economic downturn on property sales and on General services non-pay costs (+£21,000) and Barristers' fees relating to Equal Pay claims (+£41,000).
82. Net savings of (-£37,000) are projected on Members' Services costs. A member of staff has reduced their working hours and there is a vacant Political Assistant post.
83. **Strategic Resources: (+£86,000).** A pressure of (+£125,000) is predicted due to a shortfall of rent income for the Enterprise Centres. Commercial Property income is also expected to be below budgeted levels (+£54,000). The main areas of concern are Carcut, the Viewley Centre unit previously occupied by the Co-operative, Howard Centre, Lorne Street and Letitia Street.
84. An efficiency target of £1m was included in the Mouchel Partnership budget for 2011/12. The VOIP element of this target is not expected to be achievable this year creating a pressure of (+£100,000).
85. Savings of (-£97,000) are projected on Housing Benefit payments due to the fact that the actual level of subsidy income for 2010/11 was higher than the estimated figure used to close the 2010/11 accounts. Savings are also anticipated on agency fees (-£41,000) and external audit fees (-£20,000). Further savings are projected on the Strategic Accountants (-£10,000) and Loans & Investments (-£21,000) budgets as a result of staff working reduced hours.
86. **Assistant Chief Executive's Office (+£75,000).** A pressure of (+£104,000) is forecast due to an error in the level of achievable ASP savings in 2011/12. Further pressures are projected on the cost of the GCSx network secure data connection (+£12,000). Savings on staff costs of (-£49,000) are expected as a result of maternity leave. Chief Executive's Office savings of (-£15,000) are forecast on supplies and services costs.
87. Details of approved claims from the Executives Initiatives budget are attached at appendix D.
88. An increase of (+£25,000) in the bad debt provision is predicted.

89. An update on the Corporate actions required from 2011/2012 quarter one budget update meeting is shown in appendix C.
90. Detailed breakdowns of the efficiency savings are shown in appendix B.

Central Costs and Provisions: (-£399,000)

91. On Central Costs and Provisions there is a projected net saving of (-£399,000) at the end of the 1st quarter. The projected outturn position and the projection variance are summarised below:
- 92.

	Budget 2011/2012 £'000s	Estimated 1st Qtr £'000s	Variance £'000s
Pay & Prices	530	368	-162
Capital Financing	8,161	8,036	-125
Custodian Properties	-15	0	15
Ex Trading Services	328	219	-109
Designated Authorities	40	32	-8
Unfunded Pensions	1,526	1,526	0
Levies	13	13	0
Contributions To / From Reserves	-325	-325	0
Contribution to Exec Initiatives	-209	-209	0
Precepts	119	119	0
Council Tax Freeze Grant	-1,252	-1,252	0
Change Programme	500	500	0
Waste Disposal Budget pressure	0	484	484
Transitional Grant	-603	-603	0
RTB/Miscellaneous	0	-10	-10
Total	8,813	8,898	85

93. It is proposed to fund the pressure on Waste Disposal due to the closure of the SITA Energy from Waste plant with an allocation from the General Fund:

	£'000
General Fund allocation	-484
	<hr/>
	-484

94. **Efficiency Savings:** The Council has embedded within its budget monitoring procedures reporting on efficiency savings. The Council is projected to under achieve its efficiency savings target by (+£820,000). The table below summaries the projected outturn position:

	Target £000's	Outturn £000's	Variance £000's
Children, Families and Learning	3,788	3,788	0
Social Care	2,067	1,494	573
Environment	2,514	2,508	6
Regeneration	1,393	1,270	123
Corporate Services	2,422	2,304	118
Total Savings	12,184	11,364	820

Appendix B provides a detailed analysis for each service.

Balance Sheet Management

95. **Reserves / Provisions:** The table below summarises the projected movements on reserves and provisions for 2011/2012. A detailed breakdown of the movements is shown in Appendix E - Reserves and Appendix F - Provisions.

	31 March 2011 £'000s	Receipts in Year £'000s	Payments in Year £'000s	31 March 2012 £'000s
School Reserves	5,131	0	0	5,131
Investment Reserves	673	0	0	673
Specific Revenue Reserves	12,364	669	-1,806	11,227
Provisions	4,345	0	-1,518	2,827
Total	22,513	669	-3,324	19,858

96. **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 31/03/2011 £000's	Estimated Bad Debt Provision 31/03/2012 £000's	Projected Increase / Decrease £000's
Children, Families and Learning	500	500	0
Social Care	612	620	8
Environment	477	487	10
Regeneration	198	201	3
Corporate Services	648	673	25
Total Bad Debt Provision	2,435	2,481	46

EQUALITY IMPACT ASSESSMENT

97. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

98. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

99. A net budget pressure of (+£1,651,000) is forecast within general fund services for the year as summarised below:

	Budget 2011/2012	Estimated 1st Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	27,719	28,952	1,233
Social Care	43,901	43,853	-48
Environment	23,994	24,481	487
Regeneration	7,412	7,628	216
Corporate Services	24,669	24,831	162
Central Costs & Provisions	8,813	8,414	-399
Total	136,508	138,159	1,651

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

	General Fund £'000s
Opening Balance	5,139
less:	
Forecast Net Pressure	-1,651
Allocation for the Waste Disposal pressure	-484
Contribution to Executive Initiatives budget	-209
Estimated balance as at 31st March 2012	2,795

RECOMMENDATIONS

101. Overview and Scrutiny Board are asked to: -

a) Note the contents of report.

REASONS

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

BACKGROUND PAPERS

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

- 2011/2012 Revenue Budget Executive Report 7th March 2011.
- 2011/2012 Council Tax Report: Council 7th March 2011.
- Quarter 3 Consolidated Revenue Budget Projected Outturn 2011/2012 29th March 2011.

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