

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD**2nd Quarter Revenue Budget Projected Outturn**

Director of Strategic Resources

15 November 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

Urgent report

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 (CFL) - the demand led pressures within safeguarding have increased by £835,000 from Qtr 1.
 - CFL have reduced pressures and made savings in other areas to reduce the impact of increased demand led pressures by £0.5 million.
 - Social Care is also reporting an increase in demand led pressures of £504,000.

- There are significant savings on the Asylum Seekers grant (-£100,000) and Social Care Reform grant (-£318,000) carried forward.
 - The ongoing review of the Supporting People contracts within Social Care have reduced the pressure reported in Qtr 1 by -£397,000.
 - There is a reduction in income of £325,000 in Sport and Leisure offset by savings on staffing and running costs of -£365,000.
 - Car parking Income continues to decline and is forecast to be £640,000 less than the budget. The service has made savings on staffing and on running costs of -£152,000.
 - The pressure on Landscape & Design Services within Regeneration has halved since quarter one due to savings on staff.
 - The Council is working with Mouchel to agree proposals put forward to achieve the outstanding £624,000 savings on the partnership.
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 (+£1,391,000). This represents a 1.01% pressure against the £136.508 million 2011/2012 budget. The projected outturn position is summarised below:

	Estimated 1st Qtr Outturn £'000s	Estimated 2nd Qtr Outturn £'000s	Variance £'000s
Children, Families and Learning	1,233	1,532	299
Social Care	-48	-538	-490
Environment	487	164	-323
Regeneration	216	125	-91
Corporate Services	162	488	326
Central Costs & Provisions	-399	-380	19
Total	1,651	1,391	-260

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

Children, Families and Learning: (+£1,532,000) pressure up from (+£1,233,000) at quarter one

11. The service predicts a net budget pressure of (+£1,532,000) 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	123	-204	-327
Achievement	68	-24	-92
Children's Trust & Performance	-17	-134	-117
Schools Budget	0	0	0
Strategic Management	0	0	0
Safeguarding	1,059	1,894	835
DSG	0	0	0
Total	1,233	1,532	299

12. **Commissioning and Resources: (-£204,000).** Savings from vacancies are expected to exceed the vacancy freeze target for 2011/12 by (-£113,000). Further savings are forecast on Commissioning & Resources Team staffing due to maternity leave (-£23,000) and additional catering income of (-£12,000) is anticipated. Savings are also predicted on Childcare Sustainability – EIG fees (-£15,000), and on overtime and additional school income in the Governor Support Team (-£30,000).
13. **Achievement: (-£24,000).** Savings of (-£27,000) are projected as a result of a freeze on supplies and services expenditure for the Asylum Seekers service. A reduction in the Contract Price and lower than expected staffing costs have produced an estimated saving of (-£33,000) on the SEN Administration budget. There is a pressure of (+£30,000) predicted on the Extended Schools staffing budget due to a delay in the restructure.
14. **Children's Trust & Performance: (-£134,000)** A saving of (-£50,000) is forecast on the Integrated Youth Service budget as a result of a freeze on recruitment of sessional staff and a reduction in supplies and services and rent costs. Some management and overhead costs relating to the Intensive Intervention Project have been absorbed within the Youth Offending Service providing a one-off saving in 2011/12 of (-£50,000).
15. The withdrawal from a Joint Arrangement for Carlton Outdoor Centre has created a projected saving of (-£84,000). This is partially offset by a pressure of (+£53,000) on the Lanehead Outdoor Centre budget due to canceled bookings as the centre is to close at the end of December.

16. **Safeguarding: (+£1,894,000).** The Independent Fostering Agencies budget is currently projecting a pressure of (+£613,000). As at 30th September 2011 there were 132 active independent fostering placements of which 128 were full time placements and 4 were short break placements. The full breakdown is shown in the following table with the previous year figures shown 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	15 (7)	5 (6)	124 (113)
Jul-11	124	11 (20)	8 (17)	127 (116)
Aug-11	127	17 (5)	8 (6)	136 (115)
Sep-11	136	4 (4)	8 (13)	132 (106)

17. A pressure of (+£1,591,000) is projected on the Children's Agency Residential Schools budget but this is subject to change as it is a demand led service. As at the 30th September 2011 there were 55 residential placements. Since April 2011 there have been 32 new placements and 20 placements have ceased. The new placements are high cost placements for children & young people with significant needs and where all alternatives have been exhausted. The full breakdown is shown in the following table with the previous year figures shown in brackets for comparison.

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	5 (4)	1 (5)	52 (36)
Jul-11	52	8(8)	6(6)	54(38)
Aug-11	54	6(2)	4(6)	56(34)
Sep-11	56	6(2)	7(0)	55(36)

18. 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.
19. The Management Support section is projecting a net pressure of (+£118,000) on legal fees due to the high level of demand currently being experienced. A further pressure is forecast on the Locality Teams, Enquiry & Assessment Team budget (+£44,000) due to additional rental costs following the transfer of three locality teams from Southfield Road to the TAD Centre. Gleneagles has a pressure of (+£37,000) on overtime.

20. There is an anticipated saving of (-£30,000) on Section 17 payments. Further savings are predicted on Surestart costs (-£270,000) mainly due to the cessation of the Parenting 5+ SLA with Tees Valley Housing and a reduction in services and a freeze on spending at the South and Central Locality Teams.
21. Leaving Care Services are estimating a saving of (-£33,000) mainly due to a reduction in placement fees and allowances paid to young adults. Savings are also forecast on the Early Intervention budget (-£150,000) due to the delay in commencing projects. A further saving of (-£23,000) is projected above the vacancy freeze target for 2011/12.
22. A detailed breakdown of the efficiency savings is shown in appendix B
23. An update on the CFL actions required from the quarter one budget update meeting is shown in appendix C.

Social Care: (-£538,000) saving up from (-£48,000) at quarter one.

24. The service predicts a net saving of (-£538,000) at the end of the 2nd quarter as summarised below: -

	Estimated 1st Qtr Outturn Variance £'000s	Estimated 2nd Qtr Outturn Variance £'000s	Variance £'000s
Service Strategy	-68	-43	25
Adults	-553	-727	-174
Performance & Planning	582	215	-367
Integrated Transport Unit	-259	-142	117
Ayresome Industries	242	157	-85
Bad Debt Provision	8	2	-6
Total	-48	-538	-490

25. **Service Strategy: (-£43,000).** A budget saving of (-£43,000) is forecast following the reconfiguration of the senior management team.

ADULTS

26. **Older People: (+£91,000).** A pressure of (+£79,000) is forecast for the Carelink Service mainly as a result of a shortfall in service user income. A review of the charging structure is taking place in an attempt to address this pressure. It is proposed to charge a single flat rate, rather than have a range of seven service levels with different prices to encourage an increase in take up.
27. A review of the staffing levels within the residential rehabilitation unit at Middlesbrough Intermediate Care Centre is underway and is due to be completed in October 2011. In the short term, additional costs have been incurred at a cost of (+£10,000). Social work vacancies above the abatement target are expected to result in a saving of (-£66,000). There is a pressure on staffing costs in the Older

People with Mental Health Team of (+£58,000) but the budgets for these posts are currently held within in other divisions of the service.

28. **Physical Disabilities: (-£132,000).** Savings as a result of the Sensory Loss service transferring to Middlesbrough from Redcar & Cleveland Council are expected to exceed the budgeted efficiency target by (-£13,000). Additional net contributions to care packages from Middlesbrough Primary Care Trust (PCT), are expected to be (-£29,000). Additional health income of (-£68,000) has been agreed for care at the Orchard Centre.
29. **Learning Disabilities: (-£140,000).** The unit cost of several residential packages has increased creating a projected pressure of (+£84,000). This is partly offset by an increase in Middlesbrough Primary Care Trust's contributions to care packages of (-£78,000). Posts are currently being held vacant at St Paul's Road pending the transfer to the new service at the Levick House site in 2012/13 resulting in a projected saving of (-£28,000).
30. The increased take up of personal budgets has led to a reduction in purchased day care and a saving of (-£51,000) is forecast. Staffing savings of (-£56,000) are expected within the Community Inclusion Service budget. Savings are also forecast on running costs (-£13,000). Savings are also predicted at the Vocational Training Centre on staffing costs (-£11,000) and from additional income (-£10,000).
31. **Mental Health: (+£6,000).** Income at Sunningdale residential unit has reduced since quarter one as a result of an "out-of-borough" service user leaving and a reduction in the number of PCT funded cases. A pressure of (+£42,000) is predicted as a result. This is partially offset by a saving on residential care due to service users moving to cheaper residential homes (-£16,000). Vacancies within assessment and care management are forecast to result in a saving of (-£20,000) across the division.
32. **Asylum Seekers: (-£100,000).** 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 the residual costs of the programme during 2011/12 are estimated to be in the region of (+£207,000).
33. **Domiciliary Care: (+£79,000).** Based on current income levels, a service user income shortfall of (+£14,000) is predicted. There is a pressure of (+48,000) on the efficiency savings target for a reduction in the number of purchased care hours. A one month delay in the implementation of the revised fairer charging policy will result in a pressure of (+£17,000) against the budgeted efficiency target of £83,000.
34. **Adult Holding Accounts: (-£682,000).** A saving of (-£318,000) is currently projected on the Social Care Reform budget. The Local Involvement Network contract with the Carers Federation has been extended until 31/3/2012 at a reduced price producing a further saving of (-£50,000).
35. Workforce development costs are expected to be (-£75,000) less than budget and vacancies and delays in recruitment to social work posts have created expected savings of (-£239,000) on staffing costs across the division.

36. **Demand led Budgets: (+£830,000).** The provision set aside for increased demand in 2011/12 is £500,000. The estimated full year cost of increased demand across the service in quarters 1 and 2 is £845,000 and the additional cost of increased demand in quarters 3 to 4 is estimated to be in the region of £385,000, giving rise to an overall pressure of (+£830,000).
37. **Inflation Budgets: (-£690,000).** Negotiations are on going with independent sector providers to freeze prices at 2010/11 levels. Outturn projections assume that there will be a 0% uplift for inflation resulting in inflation savings across the service for purchased care packages of (-£690,000).

PERFORMANCE & POLICY

38. **Supporting People: (+£216,000).** Based on payments made to date, it is anticipated that there will be a pressure on the Supporting People budget of (+£216,000). All the contracts that are currently in place are being reviewed with the aim of reducing costs and bringing the budget into balance.
39. **Performance and Planning: (-£1,000).** The abatement targets for Commissioning and User Carer Support will not be achieved as all posts are filled creating a pressure of (+£33,000). Stationery, printing and telephones costs are higher than expected and a pressure of (+£45,000) is forecast.
40. The annual maintenance cost budget for the Common Assessment Framework system will not be required in 2011/12 as the system is still in the process of development with a resultant saving of (-£71,000).
41. **Integrated Transport Unit: (-£142,000).** It was originally estimated that savings of £290,000 could be made saving on the Integrated Transport Unit budget but several factors have reduced this. The amalgamation of Newlands and St David's Schools to the new Trinity site has increased the number of transport runs and extra work transporting vulnerable children is being undertaken.
42. **Ayresome Industries: (+£157,000).** The economic downturn continues to affect sales at the workshop, particularly in relation to UPVC window and door production. And it is anticipated that there will be an income shortfall of (+£596,000). The reduction in sales is partly offset by reduced raw material purchases of (-£390,000) and overhead costs (-£49,000).
43. A detailed breakdown of the efficiency savings is shown in appendix B.
44. An update on the Social Care actions required from the quarter one budget update meeting is shown in appendix C.

Environment: (+£164,000) pressure down from (+£487,000) at quarter one

45. The service predicts a net pressure of (+£164,000) 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
Community Protection	-76	-131	-55
Management	-175	-210	-35
Environment Services	738	505	-233
Total	487	164	-323

46. **Community Protection: (-£131,000)** A reduction in grant funding has resulted in a projected pressure of (+£25,000) within the Community Safety Team budget. This is partially offset by savings of (-£17,000) on the CCTV budget. A pressure of (+£43,000) is forecast on the Street Wardens budget, due to an unachieved abatement target partly offset by supplies and services savings of (-£16,000).
47. There is a pressure on the North Ormesby Market budget. of (+£12,000) due to an income shortfall. This pressure is offset by projected savings in Food Health & Safety (-£63,000) mainly as a result of vacant posts, Private Sector Housing (-£60,000) Additional Enforcement (-£21,000), Abandoned Vehicles (-£14,000), Environmental Sustainability (-£15,000) and Trading Standards / Advice Centre / Metrology (-£10,000).
48. A net saving of (-£40,000) is projected on Sport and Leisure. Income is down by (+£325,000) against a budget of approximately £3 million. This is offset by savings on staffing of (-£365,000). There is a projected pressure of (+£35,000) on Parks and Countryside costs due to shortfalls in income. Action plans have been put in place to mitigate this pressure.
49. **Strategic Management: (-£210,000).** The service has retained ER/VR savings over and above budgeted efficiency targets, which will be used to offset pressures elsewhere within the Directorate (-£175,000). There is an additional staff saving of (-£35,000) due to maternity leave and a vacancy.
50. **Environment Services: (+£505,000).** A pressure of (+£147,000) is projected for Waste Collection. An income shortfall of (+£116,000) 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 (+£20,000) on staffing, mainly due to the cost of overtime for staff training day cover. Pressures of (+£34,000) are projected on supplies and services costs, partly due to the cost of purchasing wheeled bins. Savings are forecast on premises costs (-£10,000), and transport costs (-£13,000) due to a reduction in repair costs following the purchase of the new fleet.
51. Projected savings on Area Care (-£74,000) and Highways Maintenance of (-£73,000) offset the pressures on Waste Collection.
52. Savings of (-£49,000) are anticipated on Fleet Management costs. Income from auction vehicle sales is higher than expected and there are some staff savings due to vacancies. Further savings are projected on Fleet hires (-£3,000) and on the Fuel Account (-£30,000). These savings are offset by pressures on the Workshop budget (+£74,000) and the Fleet Parts budget (+£30,000). The transfer of the Fleet

Parts budget to Fleet Factors was due to take place at the start of the financial year, but actually took place in August creating a projected pressure of (+£25,000).

53. 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 cost is based on current indications of dates of closure and alternative arrangements to be used whilst the closures are in place. It was agreed to fund the cost with an allocation from the General Fund.
54. A saving of (-£30,000) is projected for Active Travel. This is made up of (-£50,000) savings on Concessionary Fares over and above the efficiency savings target set for 2011/12, staffing savings (-£5,000) and a reduction in payments to the Transport Lead Authority (-£15,000). Savings are also expected on Bus Revenue Support payments (-£25,000) and School Crossing Patrol staffing costs (-£55,000). These savings are offset by a projected pressure of (+£120,000) on the Bus Station budget mainly due to shortfalls on rent and service charge income for the shop units, and departure charges income.
55. There is a projected net pressure of (+£488,000) on Parking Solutions. This is made up of income shortfalls on Off-Street Parking (+£460,000), Decriminalised Parking Enforcement (+£170,000) and On-Street Car Parking (+£10,000) partially offset by staffing savings (-£68,000) as a result of staff leaving under ERVR and savings on supplies and services costs (-£84,000). As previously reported throughout 2010/11, 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.
56. A detailed breakdown of the efficiency savings is shown in appendix B.
57. An update on the Environment actions required following the 2011/2012 quarter one budget update meeting is shown in appendix C.

Regeneration: (+£125,000) pressure down from (+£216,000) at quarter one

58. The service predicts a net pressure of (+£125,000) 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	145	64	-81
Community	61	42	-19
Museums & Galleries	7	14	7
Bad Debt Provision	3	5	2
Total	216	125	-91

Development: (+£64,000)

59. **Planning Services: (+£69,000).** There is an anticipated income shortfall on the Building Control Service budget (+£82,000) partly due to a decrease in the number of major fee receipt works and legislative changes in respect of fee charging. A review of the service is therefore being undertaken. This pressure is partly offset by projected staffing savings (-£30,000). The extension of temporary staff contracts due to a significant increase in the number of major planning applications has given rise to a projected pressure of (+£61,000) on the Development Control Service. This is partly offset by an expected fee income surplus of (-£42,000).
60. **Housing Regeneration: (-£58,000).** The team has been pro-active in seeking management and consultancy advice work resulting in unbudgeted income of (£66,000). There are anticipated staff savings due to the recharging of costs to externally funded projects (-£19,000) offset by the extension of temporary staff contracts (+£27,000).
61. **Urban Regeneration: (+£13,000).** Staffing cost pressures are expected due to the transfer of a member of staff from Tees Valley Unlimited (+£26,000) and the extension of a temporary contract for a member of staff (+£15,000). These pressures are partly being offset by anticipated savings of (-£25,000) on the Stockton / Middlesbrough Initiative and Tees Valley Unlimited budgets.
62. **Strategic Housing Service: (-£72,000).** Staffing savings of (-£54,000) are projected due to vacant posts and reduced working hours. There are also anticipated savings of (-£6,000) on the bed & breakfast budget due to demand being less than expected and on supplies & services costs (-£5,000).
63. **Landscape & Design Services: (+£115,000).** Architects' fee income is expected to be (+£255,000) less than the budgeted target. This is partially offset by staffing savings of (-£127,000). A review of the Architects Service is currently being undertaken. Savings are forecast on the Landscape & Countryside Development Team (-£27,000) as a result of staff savings and unbudgeted income for design fee work.
64. **Head of Development: (-£3,000).** A saving of (-£43,000) is predicted as a result of maternity leave offset by management costs relating to the Cannon Park project (+£40,000).

Economic Development Culture & Community: (+£42,000).

65. **Community Regeneration: (+£11,000).** An income shortfall of (+£26,000) is anticipated at Grove Hill Resource Centre as tenants have now vacated the building. There are also pressures forecast on wider area network charges (+£9,000) and administration costs (+£11,000). These pressures are partially offset by additional income generated from externally funded bodies (-£18,000) and staffing cost savings (-£21,000).
66. **Libraries & Archives: (-£84,000).** Staffing cost savings of (-£68,000) are projected after taking account of increased costs for temporary register and casual staff due to vacant posts.

67. **Cultural Services: (+£54,000).** Pressures are forecast on the festivals and events budget relating to Intro (+£34,000).
68. **Economic Development Culture & Community: (-£9,000).** A vacant post has given rise to a predicted saving on staffing costs of (-£48,000). A generic budgeted efficiency target of (+£39,000) was included within this service division. The target will be achieved by identifying savings across the service.
69. **Valuation & Estates: (+£70,000).** This service transferred from Mouchel on 1st June 2011. An income shortfall of (+£80,000) is expected due to the cessation of work from Erimus and a slow down of capital receipt completions. A further pressure of (+£25,000) is forecast on the delivery of the asset valuation programme. Savings of (-£35,000) are predicted on staffing due to vacant posts. A review of the service is therefore being undertaken.
70. **Museums and Galleries (+£14,000).** An income shortfall of (+£37,000) is projected for MIMA. Bids for grant funding are being submitted that could reduce the pressure. There has also been an increase in business rates charges (+£15,000). These pressures are partly offset by predicted savings on staffing (-£38,000).
71. A detailed breakdown of the efficiency savings is shown in appendix B.
72. An update on the Regeneration actions required from 2011/2012 quarter one budget update meeting is shown in appendix C.

Corporate Services: (+£488,000) pressure up from (+£162,000) at quarter one

73. Corporate Services predict a net budget pressure of (+£488,000) 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	-8	-55	-47
Strategic Resources	-14	-161	-147
Partnership	100	678	578
Assistant Chief Executive's Office	60	38	-22
Corporate Services Recharges	0	0	0
Corporate Services Bad Debt	24	-12	-36
Total	162	488	326

74. **Legal & Democratic Services: (-£55,000).** Staffing savings are forecast on the Welfare (-£28,000), Common Law (-£64,000), Senior Management (-£22,000) and Property & Regeneration (-£13,000) budgets. This is partially offset by anticipated pressures of (+£52,000) on Property & Regeneration fee income reflecting the impact of the economic downturn on property sales and on running costs of (+£23,000).

Barristers' fees relating to Equal Pay claims are estimated at (+£29,000) and there is a shortfall in court fee income of (+£15,000).

75. Savings of (-£74,000) are forecast on Members' Services costs. This includes savings on staffing due to a vacant Political Assistant post and a member of staff commencing flexible retirement. Savings have also been identified on printing and postage costs and on car allowances.
76. A pressure of (+£25,000) is predicted on the Coroner's budget due to an increase in charges from the Primary Care Trust and an increase in inquest fees.
77. **Strategic Resources: (-£161,000).** Savings of (-£108,000) 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. In addition to this, an income surplus of (-£22,000) is expected on overpayment recovery.
78. Savings are also anticipated on agency (-£61,000), external audit (-£36,000), Loans & Investments (-£34,000), Strategic Commissioning and Procurement Unit (-£22,000) and Asset Management (-£18,000) costs.
79. A pressure of (+£111,000) is forecast due to a rental income shortfall for the Enterprise Centres. Occupancy is currently running at 87% and attempts to stimulate demand are continuing. Commercial Property income is also expected to be below budgeted levels (+£45,000) but this is offset by predicted savings of (-£58,000) following management action taken to reduce costs, particularly on repairs and maintenance. A pressure has also been identified in relation to the level of business rates payable on council properties (+£40,000).
80. **Partnership (+£678,000).** The Strategic Partnership budget includes an efficiency target of £1m of which £266,000 is to be delivered from services that returned to the council from Mouchel on 1st June 2011. Services delivered to date are estimated at £212,000, leaving a shortfall of (+£54,000).
81. The remainder of the £1m target (£734,000) is to be delivered from services provided by Mouchel. Savings of £110,000 have been made and the council is working with Mouchel to agree proposals put forward to achieve this target.
82. **Assistant Chief Executive's Office (+£38,000).** An error in the 2011/12 budget reduction proposals has created a pressure of (+£104,000). This is being contained due to an unexpectedly high level of maternity leave (-£55,000) and a contribution from the Executive Initiatives budget (-£26,000). Further pressures are projected on the cost of the Network secure data connection (+£12,000) and on the Press Office Team budget (+£19,000)
83. Savings have been identified on the Chief Executive's running expenses (-£18,000) and on the Chief Executive's Office budget (-£22,000).
84. Details of approved claims from the Executives Initiatives budget are attached at appendix D. Currently approved commitments exceed the available budget by (+£31,000).
85. A reduction in the bad debt provision of (-£12,000) is predicted.

86. Detailed breakdowns of the efficiency savings are shown in appendix B.

Central Costs and Provisions: (-£380,000) down from (-£399,000) at quarter one

87. On Central Costs and Provisions there is a projected net saving of (-£380,000) at the end of the 2nd quarter. The projected outturn position and the projection variance are summarised below:

	Estimated 1st Qtr Variance £'000s	Estimated 2nd Qtr Variance £'000s	Variance £'000s
Pay & Prices	-162	-62	100
Capital Financing	-125	-294	-169
Custodian Properties	15	59	44
Ex Trading Services	-109	-109	0
Designated Authorities	-8	0	8
Contributions To / From Reserves	0	12	12
Waste Disposal Budget pressure	484	484	0
RTB/Miscellaneous	-10	14	24
Sub Total	85	104	19
Closure of the SITA Energy from Waste plant General Fund contribution	-484	-484	0
Total	-399	-380	19

88. **Efficiency Savings:** The Council and the partnership with Mouchel are projected to under achieve the efficiency savings targets by (+£907,000). 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	1,853	1,570	283
Environment	2,728	2,908	-180
Regeneration	1,393	1,285	108
Corporate Services	2,422	1,726	696
Total Savings	12,184	11,277	907

- **Note:** There are a small number of efficiency savings within Social Care delayed until 2012/2013 and the service has obtained one off income/savings to cover the shortfall in 2011/2012.

Balance Sheet Management

89. **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	696	-2,944	10,116
Provisions	4,345	0	-1,518	2,827
Total	22,513	696	-4,462	18,747

90. **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	661	663	2
Environment	477	488	11
Regeneration	198	203	5
Corporate Services	644	632	-12
Total Bad Debt Provision	2,480	2,486	6

EQUALITY IMPACT ASSESSMENT

91. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

92. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

93. A net budget pressure of (+£1,391,000) is forecast within general fund services for the year as summarised below:

	Estimated 1st Qtr Outturn £'000s	Estimated 2nd Qtr Outturn £'000s	Variance £'000s
Children, Families and Learning	1,233	1,532	299
Social Care	-48	-538	-490
Environment	487	164	-323
Regeneration	216	125	-91
Corporate Services	162	488	326
Central Costs & Provisions	-399	-380	19
Total	1,651	1,391	-260

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

	General Fund £'000s
Opening Balance	5,139
less:	
Forecast Net Pressure	-1,391
Allocation to fund Waste Disposal pressure	-484
Contribution to Executive Initiatives budget	-209
Estimated balance as at 31st March 2012	3,055

95. CMT have considered the following measures to address any end of year pressure:

- a spend freeze on equipment and furniture;
- a budget reduction on supplies and services; and
- a freeze on Additional Service Provision (ASPs).

RECOMMENDATIONS

96. 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: -

- 2011/2012 Revenue Budget Executive Report 7th March 2011.
- 2011/2012 Council Tax Report: Council 7th March 2011.
- Quarter 1 Consolidated Revenue Budget Projected Outturn 2011/2012 13th September 2011.

AUTHOR: Bryan Baldam, Deputy Director of Strategic Resources.