

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

3rd Quarter Revenue Budget Projected Outturn

Director of Strategic Resources

13 March 2012

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 third 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 - the demand led pressures within safeguarding have increased to £2,057,000 from £1,894,000 at Qtr 2.
- CFL have made significant savings on staffing and supplies & services across the service.
- Within Social Care there was an improvement in the forecast overspend on demand led pressures down from £830,000 at Qtr 2 to £457,000 in Qtr 3.
- The pressure on Ayresome Industries has increased to £245,000.
- There is still a pressure in Supporting People contracts of £248,000, which the service is aiming to bring into balance by 2012/2013.
- Social Care received an additional £480,000 Winter Pressures funding.
- Social Care have made savings of £636,000 on purchased care packages (early achievement of planned 2012/13 savings).
- Car parking income continues to decline and is forecast to be £598,000 down from the £640,000 forecast at Qtr 2. The service has made savings on staffing and on running costs of -£164,000.
- Environment have made significant savings on staffing & supplies and services across the services.
- Regeneration have made large savings on staffing and supplies & services across the service.
- Within Strategic Resources there are budget pressures on Commercial property and the Enterprise Centres.
- The Council is working with Mouchel to agree proposals put forward to achieve the outstanding savings on the partnership.

6. 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. On the 7th March 2011 the Council 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.
8. 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
9. The projected outturn position for 2011/2012 is a net budget saving of (-£142,000). This represents a 0.10% saving against the £136.508 million 2011/2012 budget. The projected outturn position is summarised below:

	Estimated 2nd Qtr Outturn £'000s	Estimated 3rd Qtr Outturn £'000s	Variance £'000s
Children, Families and Learning	1,532	1,340	-192
Social Care	-538	-624	-86
Environment	164	-201	-365
Regeneration	125	-94	-219
Corporate Services	488	282	-206
Central Costs & Provisions	-380	-845	-465
Total	1,391	(142)	-1,533

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

Children, Families and Learning: (+£1,340,000) pressure down from (+£1,532,000) at quarter two

10. The service predicts a net budget pressure of (+£1,340,000) at the end of the 3rd quarter. The projected outturn position is summarised below: -

	Estimated 2nd Qtr Outturn Variance £'000s	Estimated 3rd Qtr Outturn Variance £'000s	Variance £'000s
Commissioning & Resources	-204	-341	-137
Achievement	-24	-5	19
Children's Trust & Performance	-134	-371	-237
Schools Budget	0	0	0
Strategic Management	0	0	0
Safeguarding	1,894	2,057	163
DSG	0	0	0
Total	1,532	1,340	-192

11. **Commissioning and Resources: (-£341,000).** 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 on fees, advertising, grants to organisations and supplies and services (-£77,000) and additional school income in the Governor Support Team of (-£30,000).
12. Commissioning has a extra income from the Primary Care Trust (PCT) of (-£10,000) and (-£35,000) saving on overtime and additional school income in the Governor Support Team. There are further savings within Management Information due to delaying the upgrade of the Digital Dashboard system, recharges and flexible retirement (-£17,000) and Vulnerable families receiving a one-off contribution from Middlesbrough PCT of (-£50,000).

13. **Achievement: (-£5,000).** 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 (-£40,000) on the SEN Administration budget. The service is estimating savings of (-£3,000) above the vacancy freeze target for 2011/12 and (-£14,000) for savings on insurance and salary recharges.
14. There is a pressure of (+£36,000) predicted on the Extended Schools staffing budget due to a delay in the restructure. School support service is estimating a pressure of (+£11,000) in relation to an ASP recharge and office rental charges. There is a predicted pressure of (+£11,000) on Primary Strategy and (+£15,000) in Speech & Language due to having to pay a Service Level Agreement invoice relating to 2010/11.
15. **Children's Trust & Performance: (-£371,000)** A saving of (-£130,000) 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. The service is estimating an additional saving of (-£75,000) above the vacancy freeze target for 2011/12. 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). There are pressures in Community Learning Services of (+£40,000) on staffing costs.
16. The withdrawal from a Joint Arrangement for Carlton Outdoor Centre has produced a projected saving of (-£84,000). Lanehead closed on the 2nd December 2011 and there is a small net saving of (-£11,000).
17. The service has carried forward (-£124,000) relating to the dilapidation costs for Church House. The Landlord has been notified that Connexions are vacating Church House at the end of this financial year but at this stage an agreement has not been reached regarding these costs. The Council's estimated cost of dilapidations is (+£60,000) and it is proposed to create a balance sheet provision for this amount.
18. **Safeguarding: (+£2,057,000).** The service is estimating an additional saving of (-£65,000) above the vacancy freeze target for 2011/12. The In House Fostering service is currently projecting a pressure of (+£75,000) relating to the current rates and number of Foster Carers.
19. The Independent Fostering Agencies budget is currently projecting a pressure of (+£717,000). As at 31st December 2011 there were 134 active independent fostering placements of which 129 were full time placements and 5 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)
Oct - 11	132	7(11)	6(4)	133(113)
Nov - 11	133	7(6)	8(11)	132(108)
Dec - 11	132	10(6)	8(4)	134(110)

20. A pressure of (+£1,854,000) 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 31st December 2011 there were 53 residential placements. Since April 2011 there have been 51 new placements and 41 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)
Oct - 11	55	7(0)	7(3)	55(33)
Nov - 11	55	7(5)	4(1)	58(37)
Dec -11	58	5(2)	10(2)	53(37)

21. 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 are needed to reduce future placement levels. A number of activities have already reduced the cost of some placements and this will continue.
22. 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 Enquiry & Assessment Team of (+£71,000) due to additional costs relating to a move from Southfield Road to the TAD Centre, agency fees and telephone costs. Gleneagles has a pressure of (+£37,000) on overtime. The Children Looked After Team have net savings of (-£22,000) on staff turnover and public transport costs.

23. There is an anticipated saving of (-£30,000) on Section 17 payments. Further savings are predicted on Surestart costs (-£644,000) mainly due to the cessation of the Parenting 5+ SLA with Tees Valley Housing and a freeze on spending at the South and Central Locality Teams.
24. The Adoption Team is estimating a saving of (-£53,000) mainly due to placement fees, CMWP – Personal Education Allowances a saving of (-£55,000) because these allowances have ceased and been replaced by the pupil premium grant and a pressure of (+£47,000) has been identified within the young Persons Substance Misuse Grant due to staffing costs.
25. Leaving Care Services are estimating a saving of (-£53,000) 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.
26. A detailed breakdown of the efficiency savings is shown in appendix B.
27. An update on the CFL actions required from the quarter two budget update meeting is shown in appendix C.

Social Care: (-£624,000) saving up from (-£538,000) at quarter two.

28. The service predicts a net saving of (-£624,000) at the end of the 3rd quarter as summarised below: -

	Estimated 2nd Qtr Outturn Variance £'000s	Estimated 3rd Qtr Outturn Variance £'000s	Variance £'000s
Service Strategy	-43	-38	5
Older People	91	24	-67
Physical disability / Sensory Impairment	-132	-217	-85
Learning Disabilities	-140	-106	34
Mental Health	6	-195	-201
Other Adults Services	1	1	0
Ayresome Industries	157	245	88
Integrated Transport Unit	-142	-132	10
Asylum Seekers	-100	-154	-54
Domiciliary Care	79	198	119
Adults Holding Accounts	-682	-343	339
Performance & Planning	-1	-27	-26
Demand Led Budgets	830	457	-373
Supporting People	216	248	32
Direct Payment Surpluses	10	44	34
Inflation budgets	-690	-636	54
Bad Debt Provision	2	7	5
Total	-538	-624	-86

29. **Service Strategy: (-£38,000).** A budget saving of (-£38,000) is forecast following the reconfiguration of the senior management team.
30. **Older People: (+£24,000).** A pressure of (+£96,000) 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.
31. Residual 2010/11 payments to care providers have resulted in a pressure of (+£51,000). A review of the care needs for one residential placement coincided with a change in ownership of the home, resulting in the unit cost increasing from £389 to £997 per week, a pressure of (+£33,000). Also, the annual care homes banding review in October 2011 has resulted in increased costs of (+£18,000). Offsetting these pressures is additional income of (-£76,000) for service user contributions.
32. A review of the staffing levels within the residential rehabilitation unit at Middlesbrough Intermediate Care Centre was completed in October 2011, additional costs of (+£10,000) have been incurred. Staff vacancies across the Older People's service above the abatement target are expected to result in a saving of (-£113,000).
33. **Physical Disabilities: (-£217,000).** 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 (-£14,000). Additional net contributions to care packages from Middlesbrough Primary Care Trust (PCT), are expected to be (-£45,000). Offsetting this are residual costs relating to 2010/11 of (+£12,000). Additional health income of (-£79,000) has been agreed for care at the Orchard Centre. Delays in recruitment to vacant posts and vacancies have resulted in savings of (-£65,000) in Occupational Therapy. Savings on equipment supplied by Tees Community Equipment Service are expected to be (-£26,000).
34. **Learning Disabilities: (-£106,000).** There is an increase in Middlesbrough Primary Care Trust's contributions to care packages of (-£111,000). 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 (-£30,000).
35. The increased take up of personal budgets has led to a reduction in purchased day care and a saving of (-£65,000) is forecast. There is also a saving predicted on the direct payments budgets as a result of additional service user contributions and suspended payments (-£12,000). Staffing savings are expected for Community Inclusion Service (-£65,000) and the Forensic Team (-£29,000). Savings are also forecast on running costs (-£63,000). There is an on-going dispute between Middlesbrough and the Cheshire PCT regarding the funding for one individual; until this dispute is resolved no income is assumed resulting in a budget pressure of (+£92,000). There are on-going discussions with one residential care provider relating to historical rates and a possible pressure of (+182,000) is estimated. It is proposed to create a balance sheet provision for this amount.

36. **Mental Health: (-£195,000).** Payments for one service user, backdated to June 2008, have been made at a cost of (+£30,000). Partially, offsetting this cost is additional income of (-£12,000) from both service users and Middlesbrough PCT. Additional income (-£11,000) at Sunningdale residential unit is forecast as a result of “out-of-borough” service users staying longer than anticipated. A saving of (-£76,000) is forecast on the Section 117 budget. Vacancies within assessment and care management are forecast to result in a saving of (-£104,000) across the division. Savings on the Mental Capacity Act budget total (-£22,000) as a result of the re-tender for the Advocacy contract and the number of Deprivation of Liberties assessments being lower than expected.
37. **Asylum Seekers:(-£154,000).** The service carried forward a surplus of (-£307,000) on the Asylum Seekers - National Asylum Support Service (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 (+£167,000). Work has been undertaken to reduce the cost of failed asylum seekers, particularly moving them into shared accommodation, savings of (-£14,000) are expected.
38. **Domiciliary Care: (+£198,000).** Based on current income levels, a service user income shortfall of (+£50,000) is predicted. There is a pressure of (+£33,000) on the efficiency savings target for a reduction in the number of purchased care hours. PCT contributions to packages are lower than budgeted due to the deaths of jointly funded service users, at a cost of (+£38,000). A delay in the implementation of the revised fairer charging policy to the 1st April 2012 will result in a pressure of (+£83,000).
39. **Adult Holding Accounts: (-£343,000).** The service carried forward £390,000 unspent Social Care Reform grant from 2010/11. To date £268,000 has been allocated. There is currently a projected saving of (-£122,000). Improvement works at the Orchard have been cancelled, saving (-£40,000). In addition, the costs of the Development Officer for personal health budgets are (-£13,000) less than anticipated.
40. The Local Involvement Network contract with the Carers Federation was due to expire on the 31st May 2011. However, this has been extended until 31/3/2012 at a reduced price resulting in savings of (-£50,000). Workforce development costs are expected to be (-£80,000) less than budget. A delay in recruitment in the Stroke Care team has produced a saving of (-£20,000), this post was filled in September. There has been a steady reduction in the charges for the Direct Payment Management service since October 2011 resulting in a saving of (-£18,000).
41. **Demand led Budgets: (+£457,000).** The provision set aside for increased demand in 2011/12 is £500,000. The estimated full year cost of increased demand across the service is £957,000, producing an overall pressure of (+£457,000).
42. **Inflation Budgets: (-£636,000).** A freeze on care packages prices is forecast to save the department (-£636,000).
43. **Supporting People: (+£248,000).** Based on payments made to date, it is anticipated that there will be a pressure on the Supporting People budget of (+£248,000). All the contracts that are currently in place are being reviewed with the aim of reducing costs and bringing the budget into balance in 2012/2013.

44. **Performance and Planning: (-£27,000).** The contract for advocacy provided by the Citizens Advice Bureau has been renewed with effect from 1st October 2011 at a reduced cost, this will save (-£13,000). Stationery, printing and telephones costs are higher than expected and a pressure of (+£57,000) is forecast.
45. The annual maintenance cost budget for the Integrated Adult 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).
46. **Integrated Transport Unit: (-£132,000).** It was originally estimated that savings of £290,000 could be made 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.
47. **Ayresome Industries: (+£245,000).** 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 (+£919,000). The reduction in sales is partly offset by reduced raw material purchases of (-£587,000) and overhead costs (-£35,000). Partly offsetting the workshop budget pressure is the Data Destruction service, which is operating at a projected profit of (-£52,000).
48. In January 2012 the service received notification of winter pressures funding of £480,000 from Middlesbrough PCT. This funding is 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 yet to be determined. It is proposed to transfer this funding to the balance sheet reserve to cover the risk of Winter Pressures falling in 2012/13.
49. A detailed breakdown of the efficiency savings is shown in appendix B.
50. An update on the Social Care actions required from the quarter two budget update meeting is shown in appendix C.

Environment: (-£201,000) saving down from (+£164,000) pressure at quarter two

51. The service predicts a net saving of (-£201,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	Estimated 2nd Qtr Outturn Variance £'000s	Estimated 3rd Qtr Outturn Variance £'000s	Variance £'000s
Community Protection	-131	-321	-190
Strategic Management	-210	-238	-28
Environment Services	505	358	-147
Total	164	-201	-365

52. **Community Protection: (-£321,000)** A reduction in grant funding has resulted in a projected pressure of (+£25,000) within the Community Safety Team. This is offset by savings of (-£17,000) within CCTV and a saving of (-£75,000) within the Safer Middlesbrough Partnership as a result of a contribution from the PCT towards the accommodation review.
53. There is a pressure on the North Ormesby Market budget. of (+£13,000) due to an income shortfall and staffing costs. This pressure is offset by projected savings as a result of vacant posts in Food Health & Safety (-£61,000), Private Sector Housing (-£55,000) Additional Enforcement (-£25,000), Abandoned Vehicles (-£14,000), Environmental Sustainability (-£23,000), Trading Standards / Advice Centre / Metrology (-£15,000) and Beacon Climate Change (-£6,000). There are savings of (-£25,000) in supplies & services.
54. A net saving of (-£75,000) is projected on Sport and Leisure. Income is down by (+£230,000) against a budget of approximately £3 million. This is offset by savings on staffing of (-£305,000). The savings on expenditure have been possible due to the reduction in opening hours of venues, and the review of courses on offer. There is a projected pressure of (+£23,000) on Parks and Countryside costs due to shortfalls in income.
55. **Strategic Management: (-£238,000).** 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 (-£63,000) due to maternity leave and a vacancy.
56. **Environment Services: (+£358,000).** An income shortfall of (+£95,000) is forecast due to the efficiency targets for charging for replacement wheeled bins and charges for non-domestic waste being only partially achieved. There is a projected saving of (-£48,000) due to staff leaving under ER/VR, and reduced overtime. Pressures of (+£108,000) are projected on supplies and services costs, partly due to the cost of purchasing wheeled bins. Savings are forecast on transport costs of (-£27,000) due to a reduction in repair costs following the purchase of the new fleet.
57. Projected savings on staffing and running expenses are expected within Area Care (-£115,000) and Highways Maintenance (-£106,000) partly offsetting the pressures on Waste Collection.
58. There is a saving of (-£20,000) in Environment Services Management & Admin mainly due to savings on staffing. There was a reduction in the income from the Erimus Vat Shelter scheme resulting in a pressure of (+£110,000).
59. A pressure of (+£30,000) is projected for the Streetscene Catering operations, mainly due to staffing and supplies and services. However, savings of (-£30,000) on Building Cleaning and Security and (-£40,000) on Building Works are currently projected.
60. Savings of (-£48,000) 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 expected on the Fuel Account (-£34,000). These savings are offset by pressures on the Workshop budget (+£55,000), hires budget (+£6,000) and the Fleet Parts budget (+£56,000) due to a lower throughput and a delay in the transfer of the Fleet Parts budget to Fleet Factors.

61. There is a significant projected pressure of (+£506,000) on Waste Disposal. This is 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 (-£484,000) of the cost with an allocation from the General Fund.
62. A saving of (-£70,000) 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, expenditure savings (-£35,000) 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 (+£88,000) on the Bus Station budget mainly due to shortfalls on rent and service charge income for the shop units, and departure charges income. There is also a projected pressure of (+£22,000) on departure charges.
63. Within Traffic Engineering there is a projected staffing saving of (£26,000) on due to staff leaving under ER/VR and a flexible retirement. This is partly offset by a pressure of (+£11,000) on supplies and services, due to the underachievement of the TOS income.
64. There is a projected pressure on Parking Solutions. This is made up of income shortfalls on Off-Street Parking (+£458,000), Decriminalised Parking Enforcement (+£170,000) partially offset by an over achievement of income from on street parking (-£30,000), staffing savings (-£68,000) as a result of staff leaving under ER/VR and savings on supplies and services costs (-£96,000). 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.
65. A detailed breakdown of the efficiency savings is shown in appendix B.
66. An update on the Environment actions required following the 2011/2012 quarter two budget update meeting is shown in appendix C.

Regeneration: (-£94,000) saving down from (+£125,000) pressure at quarter two

67. The service predicts a net saving of (-£94,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	Estimated 2nd Qtr Outturn Variance £'000s	Estimated 3rd Qtr Outturn Variance £'000s	Variance £'000s
Development Division	64	26	-38
Economic Development Culture & Community	42	-81	-123
Museums & Galleries	14	-42	-56
Bad Debt Provision	5	3	-2
Total	125	-94	-219

Development: (+£26,000)

68. **Development Control: (+£29,000).** 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 (+£55,000) on the Development Control Service. This is partly offset by an expected fee income surplus of (-£26,000).
69. **Building Control: (+£120,000).** There is an anticipated income shortfall on the Building Control Service budget (+£156,000) mainly 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 savings on staffing and supplies & services of (-£36,000).
70. **Urban Regeneration: (+£4,000).** Staffing cost pressures of (+£33,000) are expected due to the transfer of a member of staff from Tees Valley Unlimited and the extension of a temporary contract for a member of staff. These pressures are partly being offset by anticipated savings of (-£25,000) on the Stockton / Middlesbrough Initiative and Tees Valley Unlimited budgets and savings on supplies & services of (-£4,000).
71. **Landscape & Design Services: (+£84,000).** Architects' fee income is expected to be (+£224,000) less than the budgeted target. This is partially offset by staffing savings of (-£118,000). There are further pressures due to unbudgeted costs of (£+14,000) for works on previously completed schemes. A review of the Architects Service is currently being undertaken. Savings are forecast on the Landscape & Countryside Development Team (-£33,000) as a result of staff savings and unbudgeted income for design fee work.
72. **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).
73. **Housing Regeneration: (-£132,000).** The team has been pro-active in seeking management and consultancy advice work resulting in unbudgeted income of (-£74,000). There are anticipated staff savings due to the recharging of costs to externally funded projects (-£54,000) offset by the extension of temporary staff contracts (+£23,000). There is a one-off saving of (-£27,000) due to the reimbursement of council tax payments made in previous years for the Housing Market renewal projects.

74. **Strategic Housing Service: (-£83,000).** Staffing savings of (-£60,000) are projected due to vacant posts and reduced working hours. There are also anticipated savings of (-£9,000) on the bed & breakfast budget due to demand being less than expected and on supplies & services costs (-£14,000).

Economic Development Culture & Community: (-£81,000).

75. **Economic Development and Town Centre Team: (-£58,000).** Staffing savings of (-£58,000) are projected due to vacant posts and buy back of holidays.
76. **Community Regeneration: (-£26,000).** There are anticipated savings on staffing (-£20,000), supplies & services (-£21,000) and additional income generated from externally funded bodies of (-£23,000) These savings are partially offset by an income shortfall of (+£27,000) at the Grove Hill Resource Centre as tenants have now vacated the building.
77. **Economic Development Culture & Community: (+£39,000).** 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.
78. **Cultural Services: (+£19,000).** Pressures are forecast on the festivals and events budget relating to Intro (+£21,000). This is partly offset by savings on staffing and supplies & services.
79. **Libraries & Archives: (-£119,000).** Staffing cost savings of (-£90,000) are projected after taking account of increased costs for temporary register and casual staff due to vacant posts. There are also savings from transport and supplies & services of (-£29,000).
80. **Valuation & Estates: (+£67,000).** This service transferred from Mouchel on 1st June 2011. An income shortfall of (+£87,000) is expected due to the cessation of work from Erimus and a slow down of capital receipt completions. A further pressure of (+£9,000) is forecast on the delivery of the asset valuation programme. Savings of (-£29,000) are predicted on staffing due to vacant posts. A review of the service is therefore to be undertaken.

Museums and Galleries (-£42,000).

81. The museum service is anticipating savings of (-£19,000) on staffing and (-£14,000) on supplies & services. There is an over achievement of (-£11,000) on the income targets at the Captain Cook Birthplace Museum relating to educational visits, the café and the shop.
82. There are anticipated net staff savings of (-£30,000) and savings on supplies and services of (-£23,000). An income shortfall of (+£40,000) is projected for MIMA and a pressure from the write off of stock (+£12,000). Bids for grant funding are being submitted that could reduce the pressure.
83. A detailed breakdown of the efficiency savings is shown in appendix B.
84. An update on the Regeneration actions required from 2011/2012 quarter two budget update meeting is shown in appendix C.

Corporate Services: (+£282,000) pressure down from (+£488,000) at quarter two

85. Corporate Services predict a net budget pressure of (+£282,000) at the end of the 2nd quarter. The projected outturn position is summarised below:

	Estimated 2nd Qtr Outturn Variance £'000s	Estimated 3rd Qtr Outturn Variance £'000s	Variance £'000s
Legal & Democratic Services	-55	-111	-56
Strategic Resources	-161	-342	-181
Partnership	678	765	87
Assistant Chief Executive's Office	38	-29	-67
Corporate Services Bad Debt	-12	-1	11
Total	488	282	-206

86. **Legal & Democratic Services: (-£111,000).** Staffing savings are forecast on the Welfare (-£20,000), Common Law (-£69,000), Senior Management (-£46,000) and Property & Regeneration (-£17,000) 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 (+£22,000). Barristers' fees relating to Equal Pay claims are estimated at (+£29,000) and there is a shortfall in court fee income of (+£15,000).
87. Savings of (-£96,000) 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.
88. A pressure of (+£19,000) is predicted on the Coroner's budget due to an increase in charges from the Primary Care Trust and an increase in inquest fees.
89. **Strategic Resources: (-£342,000).** 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 (-£68,000) is expected on overpayment recovery and a saving is also predicted on grant payments (-£76,000). These savings are partly offset by an increase in payments due to Mouchel under the terms of the partnership contract relating to an increase in volumes (+£39,000).
90. Savings are also anticipated on agency (-£63,000), Bank Charges (-£37,000), External audit (-£34,000), Accountancy (-£15,000) Strategic Commissioning and Procurement Unit (-£43,000) and Asset Management (-£22,000) on staffing and supplies & services costs.

91. A pressure of (+£122,000) 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 (+£56,000) but this is offset by predicted savings of (-£102,000) 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 (+£59,000). This is expected to be partially offset by savings of (-£47,000) on service charges, purchases and fees.
92. **Partnership (+£765,000).** 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).
93. The remainder of the £1m target (£788,000) is to be delivered from services provided by Mouchel. It is estimated that the Partnership will not deliver (+£599,000) of this efficiency target. In addition savings were built into the initial budget as part of the contract extension process. There is an estimated shortfall of (+£112,000) due to non delivery and delays.
94. **Assistant Chief Executive's Office (-£29,000).** 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 (-£68,000) and a contribution from the Executive Initiatives budget (-£26,000). Further pressures are projected on the cost of the GCSx network secure data connection (+£12,000) and on the Press Office Team budget (+£14,000).
95. Savings have been identified on the Chief Executive's running expenses (-£27,000) and on the Chief Executive's Office budget (-£33,000).
96. Details of approved claims from the Executives Initiatives budget are attached at appendix D.
97. Detailed breakdowns of the efficiency savings are shown in appendix B.

Central Costs and Provisions: (-£845,000) up from (-£380,000) at quarter two

98. On Central Costs and Provisions there is a projected net saving of (-£845,000) at the end of the 3rd quarter. The projected outturn position and the projection variance are summarised below:

	Estimated 2nd Qtr Variance £'000s	Estimated 3rd Qtr Variance £'000s	Variance £'000s
Pay & Prices	-62	-52	10
Capital Financing	-294	-398	-104
Custodian Properties	59	41	-18
Ex Trading Services	-109	-108	1
Levies	0	4	4
Designated Authorities	0	-8	-8
Contributions To / From Reserves	12	12	0
Reversal of Goods Receipts	0	-182	-182
Write back of unrepresented cheques	0	-150	-150
Waste Disposal Budget pressure	484	484	0
Right To Buy/Miscellaneous	14	-4	-18
Sub Total	104	-361	-465
Closure of the SITA Energy from Waste plant General Fund contribution	-484	-484	0
Total	-380	-845	-465

99. **Efficiency Savings:** The Council and the partnership with Mouchel are projected to under achieve the efficiency savings targets by (+£965,000). 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	1,522	331
Environment	2,728	2,908	-180
Regeneration	1,393	1,366	27
Corporate Services	2,422	1,635	787
Total Savings	12,184	11,219	965

- **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

100. **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	1,358	-4,888	8,834
Provisions	4,345	60	-1,518	2,887
Total	22,513	1,418	-6,406	17,525

101. **Bad Debt Provision:** The Council links its budget monitoring with 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 summaries 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

102. Not applicable to this report.

OPTION APPRAISAL / RISK ASSESSMENT

103. Not applicable to this report.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

104. A net budget saving of (-£142,000) is forecast within general fund services for the year as summarised below:

	Estimated 2nd Qtr Outturn £'000s	Estimated 3rd Qtr Outturn £'000s	Variance £'000s
Children, Families and Learning	1,532	1,340	-192
Social Care	-538	-624	-86
Environment	164	-201	-365
Regeneration	125	-94	-219
Corporate Services	488	282	-206
Central Costs & Provisions	-380	-845	-465
Total	1,391	(142)	-1,533

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

	General Fund £'000s
Opening Balance	5,139
less:	
Forecast Net Saving	+142
Allocation to fund Waste Disposal pressure	-484
Contribution to Executive Initiatives budget	-209
Estimated balance as at 31st March 2012	4,588

RECOMMENDATIONS

106. 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.
- Quarter 2 Consolidated Revenue Budget Projected Outturn 2011/2012 6th December 2011.

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