

**SCRUTINY REPORT**

**OVERVIEW & SCRUTINY BOARD**

**14th March 2013**

**3rd Quarters Revenue Budget Projected Outturn**

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**PURPOSE OF THE REPORT**

1. To present to the Overview and Scrutiny Board an estimate of the annual projected outturn for 2012/2013 based on the third quarter review of revenue expenditure against the current years Revenue Budget.

**EXECUTIVE SUMMARY**

2. Although the overall projected outturn of the Council shows a saving there are still significant pressures within services:
  - Children Families and Learning - the demand led pressures within safeguarding have reduced to +£2,381,000 from +£2,474,000 at Qtr 2.
  - CFL have made significant savings on staffing of -£602,000 and supplies & services -£187,000 across the service.
  - Within Social Care there was an improvement on the forecast overspend on demand led pressures down from £1,386,000 at qtr 2 to £1,047,000 in qtr 3.
  - Social Care received an additional £264,000 Winter Pressures funding.
  - One off savings of £213,000 on Physical Disabilities, -£532,000 on Learning Disabilities, -£354,000 on Mental Health, -£128,000 on Domiciliary Care and a large saving on Supporting People contracts of -£360,000 following a review in 2011/2012.
  - Social Care have made savings of -£448,000 from the negotiation of price increases with the independent sector, -£341,000 from additional one off Fairer Charging income and £109,000 back dated contributions from the Shaw Trust.
  - Within Environment the pressures on Parking Solutions has increased by +£83,000 since Qtr 2 and the full budget savings on Cargo Fleet Depot will not be achieved resulting in a pressure of +£180,000. These pressures are partly offset by savings of -£200,000 on the Kerbside Recycling Contract.
  - The pressure above is offset by projected savings totalling -£591,000 on Community Protection budgets. The service is making substantial savings on staffing costs.
  - Regeneration have made savings on staffing of -£270,000 partly offset by pressures of +£66,000 on supplies & services across the service. There are

pressures on income for Development Control +£11,000, Cultural services +£47,000 and Valuation and Estates +£41,000.

- A pressure of +£312,000 is projected on the Mouchel Partnership budget. The £150,000 savings on VOIP Telephones system will not be achieved in 2012/2013. This is offset by savings from staff vacancies.
- Within Property there are budget pressures on Enterprise Centres of £121,000.
- Savings of -£387,000 are predicted on central costs particularly on capital financing and ex trading pensions back funding.

3. 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

4. On the 5<sup>th</sup> March 2012 the Council set its revenue budget for 2012/13 at 133.588 million. A Council Tax increase of 3.45% was approved for the Council.
5. In setting the 2012/13 budget, budget reductions of approximately £11.8 million were identified and a further reduction of £1 million was identified from the capitalisation of existing revenue expenditure and technical accounting adjustments.

The Council approved additional service spending as follows :-

- £1.75 million for identified service pressures within Supporting Children (£1m) and Young People and Care of the Elderly (£0.75m)
- reduction in unrealistic and non achievable income targets in respect of car parking (£0.48m) and Architects Service (£0.14m)
- £0.7 million for the revenue impact of additional investment in the Council's Housing Renewal programme.

6. The projected outturn position for 2012/13 is a saving of £169,000 position. The projected outturn position is summarised below:

	<b>Estimated 2nd Qtr Outturn £'000s</b>	<b>Estimated 3rd Qtr Outturn £'000s</b>	<b>Variance £'000s</b>
Children, Families and Learning	2,153	1,850	-303
Social Care	-832	-1,802	-970
Environment	-45	-360	-315
Regeneration	-133	-174	-41
Corporate Services	-29	-310	-281
Central Costs & Provisions	-578	627	1,205
<b>Total</b>	<b>536</b>	<b>-169</b>	<b>-705</b>
Social Care & Vulnerable Children Demand Led Provision	- 536	-	0
<b>Net Total</b>	<b>0</b>	<b>-169</b>	<b>-705</b>

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

**Children, Families and Learning: (+£1,850,000) pressure down from (+£2,153,000) at quarter two.**

8. The service predicts a net budget pressure of (+£1,850,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	<b>Estimated 2nd Outturn Variance £'000s</b>	<b>Estimated 3rd Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Commissioning & Resources	57	377	320
Achievement	-108	94	202
Integrated Working	-150	-883	-733
Schools Budget	0	0	0
DSG grant	0	0	0
Strategic Management	-120	-119	1
Safeguarding	2,474	2,381	-93
Social Care & Vulnerable Children Demand Led Provision	0	0	0
<b>Total</b>	<b>2,153</b>	<b>1,850</b>	<b>-303</b>

9. **Commissioning and Resources: (+£377,000).** The service's efficiency savings targets will not be achieved in full and a pressure of (+£204,000) is forecast. The vacancy freeze target has not been met resulting in an additional projected pressure of (+£88,000) and a further pressure of (+£122,000) is forecast as savings relating to the administration review will not be achieved in full in 2012/13.
10. Savings have been identified following the receipt of one-off unbudgeted income within Commissioning and Contracts (-£15,000) and because of a reduction in payments to child care providers in Childcare Sustainability (-£22,000).
11. **Achievement: (+£94,000).** A shortfall of (+£44,000) is predicted against the efficiency savings target and the vacancy freeze target is also not expected to be achieved in full resulting in a further anticipated pressure of (+£85,000). These pressures are partially offset by a projected saving of (-£35,000) in Communication, Language and Literacy as a member of staff is currently on maternity leave.
12. **Integrated Working: (-£883,000).** Delays in implementing the restructure of the Sure Start service have meant that a number of posts have yet to be filled and a saving of (-£713,000) is predicted. A further saving of (-£172,000) is predicted on the Integrated Youth Support Service following a reduction in staffing levels and reduced spending on supplies and services.

13. **Strategic Management: (-£119,000).** Savings of (-£108,000) are predicted following the implementation of the Senior Management restructure. A further saving of (-£11,000) is projected on training costs.
14. **Safeguarding: (+£2,381,000).** The number of Looked After Children has continued to rise and a pressure of (+£1,527,000) is currently forecast on the Independent Fostering Agencies budget.
15. An additional **84** placements were made between 1<sup>st</sup> April and 30<sup>th</sup> December 2012 and a total of **68** placements ceased. Details are set out in the following table:

Month	New Placements			Ceased Placements			Placements End of Month		
	12/13	11/12	10/11	12/13	11/12	10/11	12/13	11/12	10/11
<i>April</i>	<b>14</b>	15	7	<b>5</b>	10	4	<b>155</b>	111	110
May	<b>12</b>	10	6	<b>8</b>	13	4	<b>159</b>	108	112
June	<b>13</b>	17	7	<b>6</b>	8	7	<b>166</b>	117	112
July	<b>10</b>	14	20	<b>14</b>	9	17	<b>162</b>	122	115
August	<b>9</b>	18	7	<b>9</b>	13	7	<b>162</b>	127	115
September	<b>7</b>	5	2	<b>4</b>	7	13	<b>165</b>	125	104
October	<b>5</b>	5	11	<b>5</b>	6	4	<b>165</b>	124	111
November	<b>5</b>	3	6	<b>13</b>	5	11	<b>157</b>	122	106
December	<b>9</b>	9	7	<b>4</b>	7	6	<b>162</b>	124	109

16. Attempts are being made to accommodate as many placements as possible in house to reduce the impact on the Independent Fostering Placement budget. As a result of this action, a pressure of (+£108,000) is projected on In-House Fostering costs. A pressure of (+£812,000) is projected on the Children's Agency Residential Schools budget based on the current placement numbers and costs continuing to the end of the year. Currently the average placement cost (after education and PCT contribution) in 2012/13 is £130,000.
17. Since April 2012 there have been 34 new placements and 39 placements have ceased. Details are set out in the table below:

Month	New Placements			Ceased Placements			Placements End of Month		
	12/13	11/12	10/11	12/13	11/12	10/11	12/13	11/12	10/11
<i>April</i>	4	3	3	6	1	0	49	45	34
May	8	3	4	4	2	1	53	46	37
June	3	6	4	3	1	5	53	51	36
July	4	5	8	4	3	6	53	53	38
August	5	4	2	9	3	6	49	54	34
September	3	3	2	4	7	0	48	50	36
October	3	3	1	4	2	3	47	51	34
November	0	3	5	0	2	1	47	52	38
December	4	3	2	5	4	2	46	51	38

18. The service has been successful in obtaining a one year extension of the current block contract with Five Rivers that ends on 30th September 2013 and are entering into negotiations with Five Rivers about how efficiencies can be achieved. However Five Rivers have not agreed to the 2012/13 efficiency savings target and a pressure of (+£112,000) is predicted as a consequence.
19. An increase in regular payments being made under court instruction is expected to give rise to a pressure of (+£175,000) on Family Support Service costs. A pressure of (+£47,000) is projected on Adoption Team costs. Many of the service's recent placements have been with in-house adopters thus saving on external agency fees.
20. Based on the current level of spending, a pressure of (+£85,000) is forecast on legal costs. Pressures are also predicted on transport costs for the Leaving Care Team (+£11,000) and as a result of the vacancy freeze target not being achieved (+£13,000).
21. A net saving is predicted on Assessment and Care Management budgets. A saving of (-£135,000) is forecast on the CAHMS service costs mainly as a result of a reduction in the commissioned service from TEWV. This is partially offset by a projected pressure of (+£30,000) on the Review and Development Unit due to the costs of employing agency staff. Pressures are also forecast on Locality, Enquiry & Assessment and Youth Team budgets (+£56,000) relating to transport and supplies and services costs and the write off of a car loan for an ex employee.
22. Additional Early Intervention grant funding has been secured for 2012/13 resulting in a one-off saving of (-£62,000). A further (-£155,000) of Early Intervention grant funding will not be allocated in 2012/13. Additional funding of £220,000 is from the Department of Health for Children's short stays.
23. A detailed breakdown of budget reductions is shown in appendix B.

**Social Care: (-£1,802,000) saving up from (-£832,000) at quarter two.**

24. The service predicts a net saving of (-£1,560,000) at the end of the 3rd quarter as summarised below:

	Estimated 2nd Quarter Outturn Variance £'000s	Estimated 3rd Quarter Outturn Variance £'000s	Variance £'000s
Service Strategy	-3	-14	-11
Older People	-58	-147	-89
Physical Disability / Sensory Impairment	-276	-213	63
Learning Disabilities	-401	-532	-131
Mental Health	-329	-354	-25
Other Adults Services	0	0	0
Ayresome Industries	43	86	43
Integrated Transport Unit	-30	-80	-50
Asylum Seekers	-58	-47	11
Domiciliary Care	23	-128	-151
Adults Holding Accounts	-25	-124	-99
Performance & Modernisation	66	35	-31
Demand Led Budgets	938	599	-339
Supporting People	-392	-360	32
Winter Pressures	0	-198	-198
Fairer Charging Policy Income	-346	-341	5
Bad Debt Provision	16	16	0
<b>Total</b>	<b>-832</b>	<b>-1,802</b>	<b>-970</b>

25. **Older People: (-£147,000).** Staffing cost savings of (-£168,000) are forecast across the division mainly due to vacancies and maternity leave. Further staff savings are predicted following the review of Older People's day services (-£44,000). Additional income is anticipated from Redcar & Cleveland Council (-£85,000) relating to the purchase of beds at Middlesbrough Intermediate Care Centre and additional reablement funding of (-£12,000) has been agreed with Middlesbrough Primary Care Trust.
26. These savings are partially offset by a predicted net pressure of (+£142,000) on payments to care providers mainly relating to late payments of residual 2011/12 costs. A further pressure of (+£20,000) has arisen, as a final payment was required to end the contract with the Hindu Cultural Day Service.
27. **Physical Disabilities: (-£213,000).** Staffing cost savings of (-£87,000) are projected mainly as a result of vacant posts and long-term sickness. Additional income of (-£51,000) is forecast from increased contributions to care packages from Middlesbrough PCT and service users. A further saving of (-£60,000) is expected following negotiations with the PCT on funding responsibilities for certain items of equipment.

28. **Learning Disabilities: (-£532,000).** Following successful negotiations with the PCT, additional health contributions to care packages of (-£156,000) are expected. Further savings are projected following a review of the unit costs of 15 residential care packages (-£43,000) and because a number of care packages have ceased (-£33,000). Savings across the division are expected on salary costs (-£142,000) and running costs (-£45,000).
29. Short- term savings are forecast at Levick Court (-£46,000) as a result of a delay in recruitment and running costs being lower than anticipated until the unit is fully occupied. Savings are also expected at Upsall Hall (-£20,000) and on the Learning Disabilities Development Fund (-£32,000), the Community Support Team (-£32,000) and the Black & Minority Ethnic (BME) service operated by the Community Inclusion Team (-£20,000). Lower than expected usage of the Community Inclusion Service by other local authorities and Middlesbrough PCT has resulted in a projected income shortfall of (+£51,000).
30. **Mental Health: (-£354,000).** Savings of (-£108,000) are predicted on Assessment and Care Management budgets due to staff vacancies. A reduction in service user numbers is expected to result in a saving of (-£97,000) on the Section 117 budget. Savings are also forecast on the Sunningdale (-£67,000) and Living Life Service (-£53,000) budgets.
31. Fewer Deprivation of Liberties assessments are being carried out than expected and a saving of (-£14,000) is predicted as a result. In addition to this, more income is being received from service user and health contributions across the division than expected (-£15,000).
32. **Asylum Seekers: (-£47,000).** Savings of (-£47,000) are anticipated as a result of moving failed asylum seekers into shared accommodation.
33. **Demand led Budgets: (+£599,000).** There has been a net increase of 50 service users since the budget was set and a pressure of (+£1,047,000) is currently forecast. Negotiations have taken place with the Independent Sector providers with regard to the annual uplift of prices with effect from 1<sup>st</sup> October 2012 and assuming there are no appeals, it is anticipated that there will be a saving of (-£448,000) in the current year. This is an early achievement of the 2013/14 savings target.
34. **Supporting People: (-£360,000).** A review of all current Supporting People contracts has been carried out and a saving of (-£360,000) is anticipated, an early achievement of the 2013/14 savings target.
35. **Performance and Planning (+£35,000):** There is a projected saving of (-£71,000), as the annual maintenance of the Integrated Adult IT system is not required in 2012/13. The efficiency target in relation to savings within administrative support provided by Mouchel will not be met resulting in a budget pressure of (+£100,000).

36. **Ayresome Industries/Employment Support: (+£86,000).** Sales income from the workshop is below the budgeted target and a pressure of (+£200,000) is forecast after adjusting for the cost of materials. A further pressure of (+£80,000) is predicted due to the delayed transfer of staff to the Environment Service. The Workstep contract with the Shaw Trust has been re-negotiated and will result in additional income of (-£151,000), in 2012/13. Staffing cost savings of (-£43,000) are also forecast.
37. **Integrated Transport Unit: (-£80,000).** There is an expected saving on ITU operations of (-£80,000) from additional bus operators grant, additional service user contributions and a reduction in supplies and services costs.
38. **Domiciliary Care: (-£128,000):** Savings of (-£77,000) are forecast following a review of care contracts with the independent sector. Savings are also projected on personal care costs (-£35,000) and car allowances (-£10,000) and additional one-off income has been received from the Health Service (-£81,000).
39. These savings are partially offset by a pressure of (+£75,000) due to the delay in implementing the reablement service review.
40. **Other Adult Accounts: (-£125,000):** Budget pressures are anticipated due to the delay in implementing the management review (+£180,000) and because the efficiency target for reducing care package costs will not be achieved (+£34,000)
41. A saving of (-£152,000) is forecast on the workforce development budget due to a reduction in the number of non-statutory training courses being provided. Savings are also forecast on staffing costs for the Stroke Care and Social Care Reform Teams (-£39,000). Further savings are expected on the Domestic Violence strategy budget (-£30,000), the Local Involvement Network contract (-£22,000), Carers budget (-£36,000) and Direct management support contract (-£17,000). The service has also received additional Health income of (-£43,000) towards the cost of mainstream posts.
42. **Fairer Charging Policy Income: (-£341,000).** Following the revised policy that came into effect on 9<sup>th</sup> April 2012, it is anticipated that income contributions will exceed the budgeted target by (-£341,000). This is due to charging for day care, revised expenditure disregards and changes to charging for couples.
43. **Winter Pressures: (-£198,000).** A schedule has been agreed with South Tees Clinical Commissioning Group for utilising the winter pressures funding. There is currently an unallocated balance of (-£198,000). It is proposed to transfer this funding to the balance sheet reserve to cover the risk of Winter Pressures falling in 2013/14.
44. A detailed breakdown of budget reductions is shown in appendix B.

### **Environment: (-£360,000) saving up from (-£45,000) at quarter two**

45. The service predicts a net saving of (-£360,000) at the end of the 3rd quarter. The projected outturn position is summarised below:



	Estimated 2nd Quarter Outturn Variance £'000s	Estimated 3rd Quarter Outturn Variance £'000s	Variance £'000s
Community Protection	-510	-591	-81
Strategic Management	-47	-48	-1
Environment Services	512	279	-233
<b>Total</b>	<b>-45</b>	<b>-360</b>	<b>-315</b>

46. **Community Protection (-£591,000).** There are significant projected staff savings within Public Protection totalling (-£298,000), mainly as a result of vacant posts. These staff savings will contribute to future year's budget reductions. Savings are also forecast on Public Protection supplies and services costs (-£52,000).
47. An income surplus is of (-£47,000) is expected on the Selective Licensing Scheme. The scheme ended in July 2012, and the budgeted income target has been removed from 2013/14 by permanently deleting some of the vacant posts outlined above. A further saving of (-£22,000) is forecast on the joint arrangement fee paid to Hartlepool Council for the Emergency Planning Service but this is offset by a projected net pressure of (+£14,000) on the Street Wardens budget,
48. Within Health & Development, there are projected savings on the Crematorium staffing budget of (-£15,000). An income surplus is also projected for the Crematorium (-£10,000). Further savings are expected on the Linthorpe Cemetery supplies and services budget (-£10,000) and on Environmental Sustainability staffing costs (-£45,000).
49. Net savings are projected on Leisure Management (-£16,000) and Sports Development & Events (-£66,000). The savings are mainly on staffing costs generated through service reviews. In addition to this, an income surplus of (-£18,000) is forecast for the Leisure venues. A saving of (-£15,000) is projected on the Parks budgets, mainly due to staffing savings as a result of vacant posts.
50. A further salary saving of (-£32,000) is projected following the secondment of the Community Protection Assistant Director to the Cleveland Police Authority from November 2012 onwards. These savings are partially offset by a projected pressure of (+£50,000) within Safer Middlesbrough Partnership due to reduced contributions from the PCT.
51. **Strategic Management (-£48,000).** A saving of (-£71,000) is predicted on staff costs due to a vacant post, a secondment, and a staff member being on maternity leave. There is also a projected saving of (-£14,000) on Mouchel ASP costs. The service is using (+£36,000) of these savings to fund the cost of the Customer Access Transformation Project in 2012/13. This project will ultimately deliver savings to the Council.

52. **Environment Services: (+£279,000).** A saving of (-£30,000) is projected on School Crossing Patrol staffing costs. This is offset by a net pressure on the Bus Station from a shortfall on rental income of (+£67,000) partly offset by additional unbudgeted income from temporary stalls/facilities (-£37,000) and increased departure charge income (-£13,000). Additionally, there is a projected pressure of (+£30,000) on Bus Revenue Support as the budget cut will not be achieved in full.
53. There is a significant projected shortfall on parking income. This is made up of a (+£215,000) shortfall on Off-Street parking, (+£50,000) on On-Street parking, and (+£40,000) on Decriminalised Parking. The pressures are partly offset by projected salary cost savings of (-£50,000) due to reduced overtime costs, and savings of (-£33,000) on running costs, mainly energy and maintenance costs.
54. The parking income shortfall may be further increased by an estimated (+£70,000) due to the effect of the Mayor's parking price reductions that took effect from 18th February 2013. An additional £300,000 has been provided for in the MTFP for 2013/14 to cover the projected shortfall in income for the 6-month trial period during which the parking price reductions are in operation. The pressure on Parking is partly offset by a projected saving of (-£17,000) on Traffic Engineering salary costs.
55. There is a projected pressure of (+£30,000) on Highways Management Engineers fees. Delays in setting up a joint funding agreement have meant that a major scheme due to take place this year will now take place in 2013/14.
56. There is a pressure of (+£33,000) on the Highways Inspection Service Incident Response Unit, which is currently contracted externally. The service will be brought back in-house in 2013/14 and the pressure will be removed. A further pressure of (+£17,000) is projected for the Laboratories as the income target for charges for finance/admin work done on behalf of the joint arrangement is not achievable. A budget containing the levying of a more realistic charge for finance/admin services from 2013/14 will be submitted for approval to the next meeting of the Joint Arrangement.
57. The £250,000 saving relating to the refurbishment of the Cargo Fleet Depot will not be achieved in full creating a pressure of (+£180,000) within the Management & Admin budget. A pressure of £160,000 is forecast on street lighting electricity costs due to a 17% increase in costs compared to 2011/12. This pressure will be funded from the central Pay and Prices Contingency budget.
58. A pressure of (+£15,000) is projected for the Streetscene Catering operations, mainly on staffing and supplies and services costs. This is offset by a projected saving of (-£13,000) on the Public Conveniences budget due to reduced utility and running costs.
59. A pressure is also forecast on the Fleet budget (+£20,000), mainly due to higher than expected costs for the Fleet Factors contract for the supply of parts. This is a significant improvement on the position reported at quarter two and has come about because of a reduction in management costs and an increase in sales of vehicles and equipment.

60. A total saving of (-£45,000) is projected for Streetscene Services (Area Care, Waste Collection and Highways Maintenance) mainly due to staff leaving under ER/VR arrangements and less use of casual staff.
61. A pressure of (+£13,000) is projected on Building Cleaning and Security, a considerable improvement on the position reported at quarter two. The staff consultation period required in order to achieve the £250,000 budget reduction in building cleaning costs across Council Properties in 2012/13 has now been completed for the majority of Council buildings highlighted in the CMT report on cleaning reductions. Delays in the consultation process have occurred in areas where new management arrangements are being implemented but savings have been made through further ER/VRs and increased income from external clients to compensate for this.
62. Increased income from schools for building repairs and maintenance work has given rise to a projected saving of (-£50,000) on Building Maintenance. A further saving of (-£207,000) is projected on Waste Disposal & Contracts, mainly on the Kerbside Recycling contract.
63. A detailed breakdown of budget reductions is shown in appendix B.

### **Regeneration: (-£174,000) saving up from (-£133,000) at quarter two**

64. The service predicts a net saving of (-£174,000) at the end of the 3rd quarter. The projected outturn position is summarised below:

	<b>Estimated 2nd Quarter Outturn Variance £'000s</b>	<b>Estimated 3rd Quarter Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Development Division	-151	-227	-76
Economic Development Culture & Communities	10	47	37
Mima	0	0	0
Director of Regeneration	0	-2	-2
Bad Debt Provision	8	8	0
<b>Total</b>	<b>-133</b>	<b>-174</b>	<b>-41</b>

65. **MIMA: (Nil Variance).** There is a projected shortfall of (+£20,000) on income from patrons and sponsorship but this is offset by planned savings on staffing costs (-£20,000). Pressures are also forecast on exhibitions (+£10,000), the café franchise (+£23,000) and electricity and rates (+£27,000). These pressures are offset by a projected saving of (+£60,000) on the divestment budget. The service is also requesting that the inflationary pressures on rates and electricity be met from the pay & prices contingency.

66. **Development Division: (-£227,000).** Staffing cost savings of (-£138,000) are projected across the division, particularly within Housing Services and Regeneration Projects & Design Services. Savings are also forecast on the rolling Local Development Framework (-£55,000).
67. In addition an income surplus is predicted on Housing Services (-£20,000) due to an increase in fees from the Homeswap capital scheme and the management of the Warmer Healthy Homes grant. An income surplus is also expected on the Architects' budget (-£11,000).
68. **Economic Development, Culture and Communities: (+£47,000).** The service hold the savings target for the Community Buildings review (+£45,000) but the savings will be delivered within the Property budget.
69. An increase in the amount of work being carried out by Mouchel has given rise to a projected pressure of (+£41,000) on Valuation & Estates costs. There is an expected income shortfall of (+£66,000) on the Community Regeneration budget mainly as a result of tenants vacating Grove Hill Resource Centre. This is partly offset by projected savings on staffing and supplies & costs.
70. Savings of (-£60,000) are predicted on Libraries & Archives staffing costs due to vacant posts and staff not being in the Local Government Pension Scheme. A net saving of (-£24,000) is expected on the Economic Development/Town Centre Team budget mainly because of a reduction in staffing costs due to staff leaving through ER/VR.
71. A detailed breakdown of budget reductions is shown in appendix B.

**Corporate Services: (-£310,000) saving up from (-£29,000) saving at quarter two**

72. Corporate Services predict a net budget saving of (-£310,000) at the end of the 3rd quarter as summarised below:

	<b>Estimated 2nd Quarter Outturn Variance £'000s</b>	<b>Estimated 3rd Quarter Outturn Variance £'000s</b>	<b>Variance £'000s</b>
Legal & Democratic Services	-174	-184	-10
Strategic Resources	-54	-310	-256
Partnership	203	312	109
Assistant Chief Executive's Office	-70	-148	-78
Corporate Services Bad Debt Provision	18	18	0
Property	48	2	-46
<b>Total</b>	<b>-29</b>	<b>-310</b>	<b>-281</b>

73. **Legal & Democratic Services: (-£184,000).** Staffing cost savings are forecast on the Senior Management (-£25,000), Paralegal Team (-£27,000) and Common Law (-£98,000) budgets. In addition the service has received unbudgeted income totalling (-£26,000). This is partially offset by anticipated pressures of (+£29,000) on Property & Regeneration fee income reflecting the impact of the economic downturn on property sales and on books & publications (+£15,000) and other miscellaneous costs (+£21,000).
74. Savings of (-£59,000) are forecast on Members' Services costs. This is mainly on staffing costs, and Members' car allowances and course fees partly offset by a pressure on Electoral Registration costs.
75. **Strategic Resources: (-£310,000).** Savings are forecast on staffing costs (-£188,000), Housing Benefit subsidy payments (-£50,000), the Tees Valley Internal Audit contract (-£30,000) and External Audit fees (-£72,000). Based on 2011/12 emission levels, a further saving of (-£30,000) is predicted on the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme budget. Savings have also been identified on supplies and services costs (-£27,000).
76. Pressures are forecast on Housing Benefit overpayment income recovery (+£60,000) and there is an estimated income shortfall on charges to joint arrangements of (+£29,000).
77. **Partnership: (+£312,000).** A shortfall of (+£312,000) is predicted against the Strategic Partnership efficiency savings target.
78. **Assistant Chief Executive's Office: (-£148,000).** Savings of (-£148,000) are forecast as a result of vacant posts and a result of the early delivery of staffing reductions.
79. Details of approved spending from the Corporate Initiatives budget are attached at Appendix D. It is expected that this budget will be fully utilised by the end of the financial year.
80. **Property: (+£2,000).** Occupancy rates for the Enterprise Centres are still below the budgeted level and an income shortfall of (+£104,000) is projected. The cost of essential maintenance work is expected to give rise to a further budget pressure of (+£40,000). This is partially offset by predicted surpluses on the TAD Centre (-£49,000) and Other Commercial Property (-£57,000) budgets. In addition to this, staff savings of (-£38,000) are predicted on the Asset Management Team budget.
81. A detailed breakdown of budget reductions is shown in appendix B.

### **Central Costs and Provisions: (+£627,000) pressure up from (-£578,000) at quarter two**

82. There is a projected net pressure of (+£627,000) on Central Costs and Provisions at the end of the 3rd quarter. The projected outturn position and the projection variance are summarised below:

	Estimated 2nd Quarter Outturn Variance £'000s	Estimated 3rd Quarter Outturn Variance £'000s	Variance £'000s
Pay & Prices	0	0	0
Capital Financing	-471	-613	-142
Custodian Properties	40	25	-15
Designated Authority	-10	-7	3
Ex Trading Pensions Backfunding	-123	-123	0
River Tees Port Authority	-8	-8	0
Unfunded Pensions	50	50	0
Right to Buy Receipts	-21	-21	0
NNDR Discretionary Relief	0	225	225
Miscellaneous Bad Debt Provison	0	480	480
Miscellaneous	-35	-79	-44
<b>Total</b>	<b>-578</b>	<b>-71</b>	<b>507</b>

83. It is proposed to supplement the following reserves:

	£'000
Change Fund	+500
Social Care – Winter Pressures	+198
	<u>+698</u>

84. There are projected savings of -£169,000 after the transfer to reserves.

85. **Budget Reductions:** An overall pressure of (+£841,000) is currently forecast against budget reduction targets as summarised in the table below:

	Target £'000s	Anticipated Year End Saving £'000s	Variance £'000s
Children, Families & Learning	3,777	3,589	188
Social Care	3,050	2,787	263
Environment	1,835	1,625	210
Regeneration	770	764	6
Corporate Services	2,344	2,170	174
<b>Grand Total</b>	<b>11,776</b>	<b>10,935</b>	<b>841</b>

## Balance Sheet Management

86. **Reserves / Provisions:** The table below summarises the projected movements on reserves and provisions for 2012/13. A detailed breakdown of the movements is shown in Appendix D - Reserves and Appendix E - Provisions.

	1 April 2012	Receipts in Year	Payments in Year	31 March 2013
	£'000s	£'000s	£'000s	£'000s
Schools Reserves	7,007	0	0	7,007
Investment Reserves	309	0	0	309
DSG	531	65	-596	0
Specific Revenue Reserves	10,726	911	-3,815	7,822
Provisions	4,730	14	-1,339	3,405
<b>Total</b>	<b>23,303</b>	<b>990</b>	<b>-5,750</b>	<b>18,543</b>

## EQUALITY IMPACT ASSESSMENT

87. Not applicable to this report.

## OPTION APPRAISAL / RISK ASSESSMENT

87. Not applicable to this report.

## FINANCIAL, LEGAL AND WARD IMPLICATIONS

88. A net saving of -£169,000 is forecast within general fund services for the year as summarised below:

	Estimated 2nd Qtr Outturn	Estimated 3rd Qtr Outturn	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	2,153	1,850	-303
Social Care	-832	-1,802	-970
Environment	-45	-360	-315
Regeneration	-133	-174	-41
Corporate Services	-29	-310	-281
Central Costs & Provisions	-578	627	1,205
<b>Total</b>	<b>536</b>	<b>-169</b>	<b>-705</b>
Social Care & Vulnerable Children Demand Led Provision	- 536	-	0
<b>Net Total</b>	<b>0</b>	<b>-169</b>	<b>-705</b>

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

	<b>£'000s</b>
Opening Balance as at 1/4/12	<b>5,039</b>
Add	
Saving	169
<b>Projected Balance as at 31/3/13</b>	<b><u>5,208</u></b>

## **RECOMMENDATIONS**

90. 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.

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