

SCRUTINY REPORT

OVERVIEW & SCRUTINY BOARD

2nd July 2013

2012/2013 Revenue Outturn

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PURPOSE OF THE REPORT

1. To present to the Overview and Scrutiny Board the 2012/2013 revenue outturn position.

EXECUTIVE SUMMARY

2. The final outturn position for 2012/13 is a net budget saving of (£191,000). This represents a 0.14% saving against the 2012/13 revenue budget of £133.588 million. The outturn position is summarised below:

	Final Outturn Variance	Estimated 3rd Qtr Outturn Variance	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	827	1,850	-1,023
Social Care	-1,853	-1,802	-51
Environment	-1,000	-360	-640
Regeneration	-703	-174	-529
Corporate Services	-810	-310	-500
Central Costs	-512	-71	-441
Net Total	-4,051	-867	-3,184
Transfer to Reserves Provisions	3,860	698	3,162
TOTAL	-191	-169	-22

3. The outturn of the Council showed a strong, positive financial position with all services showing improvements on the figures reported at quarter 3. There was a clear focus on managing vacancies in preparation for budget cuts in later years, restricting supplies and service spending to essentials and making the best use of grant funding. There was also significant one off savings and income across all service areas.

4. All services made savings on staffing and running expenses during 2012/2013, some of which were an early achievement of 2013/2014 saving proposals. The totals for each service of these early savings are shown in the following table:

Service	Saving £'000
Children Families and Learning	592
Social Care	1,173
Environment	477
Regeneration	218
Corporate	229
Total	<u>2,689</u>

5. The additional savings have allowed the Council to make the following proposed transfer to reserves:

	£'000
Change Fund	+2,700
Election Reserve - Pallister Ward By-election	+10
Election Reserve - Mayoral Referendum	+150
	<u>+2,860</u>

6. The Council is expected to maintain a minimum balance on the General Fund of between £4.0 million and £4.5 over the medium term to cover unexpected financial risks after making specific reserves and provisions to meet known and expected liabilities. It is recommended that a further £1 million is allocated to the Change Fund
7. There are final savings of -£191,000 after the transfer to reserves.
8. The impact of the projected outturn will result in the Council having positive balance on the General Fund:

	General Fund £'000s
Opening Balance	5,039
Add:	
Forecast Net Saving	191
Balance as at 31 st March 2013	<u>5,230</u>

9. 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

10. On the 5th 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.
11. 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.

12. The final outturn position for 2012/13 is a net saving of £193,000. This represents a 0.15% saving against the £133.588 million 2012/2013 budget The outturn position is summarised below:

	Final Outturn Variance	Estimated 3rd Qtr Outturn Variance	Variance
	£'000s	£'000s	£'000s
Children, Families and Learning	827	1,850	-1,023
Social Care	-1,853	-1,802	-51
Environment	-1,000	-360	-640
Regeneration	-703	-174	-529
Corporate Services	-810	-310	-500
Central Costs	-512	-71	-441
Net Total	-4,051	-867	-3,184
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TOTAL	-191	-169	-22

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

Children, Families and Learning: (+£827,000) pressure down from (+£1,850,000) at quarter three.

14. The service achieved net budget pressure of (+£827,000) as summarised below:

	Final Outturn Variance	Estimated 3rd Outturn Variance	Variance
	£'000s	£'000s	£'000s
Commissioning & Resources	170	377	207
Achievement	102	94	-8
Integrated Working	-1,372	-883	489
Schools Budget	0	0	0
DSG grant	0	0	0
Strategic Management	-93	-119	-26
Safeguarding	2,020	2,381	361
Total	827	1,850	1,023

15. **Commissioning and Resources: (+£170,000).** The service had pressures on the efficiency savings targets (+£208,000), the vacancy freeze target (+£88,000) and the administration review (+£138,000).
16. Savings were made following the receipt of one-off unbudgeted income within Commissioning and Contracts (-£22,000) and from a reduction in payments to childcare providers in Childcare Sustainability (-£63,000). A saving was made within Management Information from a salary recharge to grant funding (-£57,000). There was also a contribution from Health service to the Children's Fund (-£79,000), a reduction in Supplies and Services costs within ICT (-£23,000) and the receipt of additional income in Governors Support (-£12,000).
17. **Achievement: (+£102,000).** There were shortfalls against the efficiency savings target (+£46,000) and the vacancy freeze target (+£86,000). Additional pressures were incurred on the Traveller Children budget (+£24,000) due to a reduction in income, and because of a one-off payment of (+£28,000) in the 16-19 transfer service. These pressures were partially offset by a staffing saving of (-£38,000) in Communication, Language and Literacy and an unbudgeted PCT contribution of (-£33,000) to the Psychology Service.
18. **Integrated Working: (-£1,372,000).** Delays in implementing the restructure of the Sure Start service have meant that a number of posts were not filled resulting in a saving of (-£818,000). A further saving of (-£522,000) was achieved on the Integrated Youth Support Service budget following a reduction in staffing levels and reduced spending on supplies and services costs. The Middlesbrough Childrens Safeguarding Board also received additional grant income of (-£32,000).
19. **Strategic Management: (-£93,000).** Savings of (-£115,000) were achieved following the implementation of the Senior Management restructure. A further saving of (-£11,000) was made on training costs. These savings were partially offset by bad debt costs of (+£33,000).
20. **Safeguarding: (+£2,020,000).** The number of Looked After Children continued to rise during the year giving rise to a pressure of (+£1,443,000) on the Independent Fostering Agencies budget.

21. At the end of March there were 157 placements, 151 full-time and 6 short break placements. A full breakdown is included in the following table with previous years' data also shown for comparison:

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>	14	15	7	5	10	4	155	111	110
May	12	10	6	8	13	4	159	108	112
June	13	17	7	6	8	7	166	117	112
July	10	14	20	14	9	17	162	122	115
August	9	18	7	9	13	7	162	127	115
September	7	5	2	4	7	13	166	125	104
October	5	5	11	5	6	4	166	124	111
November	5	3	6	13	5	11	158	122	106
December	9	9	7	4	7	6	163	124	109
January	3	7	8	4	5	6	162	126	111
February	5	2	4	9	3	6	158	125	109
March	5	8	1	6	4	2	157	129	108

22. Attempts were 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, there was a pressure of (+£121,000) on In-House Fostering costs in 2012/13. A further pressure of (+£631,000) was incurred on the Children's Agency Residential Schools budget. The average placement cost (after education and PCT contributions) in 2012/13 was £130,000.
23. There were 45 residential placements at the end of March 2013. A full breakdown of placement numbers is shown in the following table with previous years' data also shown for comparison:

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	48	51	34
November	0	3	5	0	2	1	48	52	38
December	4	3	2	5	4	2	47	51	38
January	4	7	5	2	6	2	48	52	41
February	2	8	4	3	6	7	49	54	38
March	2	6	11	6	5	5	45	55	44

24. The service has been successful in obtaining a one year extension of the current block contract with Five Rivers that ended on 30th September 2013 and have entered into negotiations with Five Rivers about how efficiencies can be achieved. However Five Rivers did not agree to the 2012/13 efficiency savings target resulting in a pressure of (+£112,000).
25. An increase in regular payments being made under court instruction gave rise to a pressure of (+£218,000) on Family Support Service costs. A pressure of (+£35,000) was also incurred on Adoption Team costs. These pressures were partially offset by staffing savings within the Family Resource Team (-£20,000). There were also savings on Section 17 payments (-£17,000) and additional income from Playgroups of (-£10,000).
26. A pressure of (+£202,000) was incurred on legal costs and the vacancy freeze target was not achieved (+£23,000). This was partially offset by a saving of (-£20,000) on Supplies and Services costs within Management & Administration.
27. Within Assessment and Care Management savings were achieved on the Child Adolescent Mental Health Service (CAHMS) service (-£118,000) mainly as a result of a reduction in the commissioned service from tees, Esk and Wear Valleys NHS Foundation Trust (TEWV). There were additional staffing savings of (-£25,000) from vacancies within the Locality Teams and a reduction in transport costs within the Children Looked After Team. This was partially offset by a projected pressure of (+£41,000) on the Review and Development Unit due to the costs of employing agency staff.

28. There was a saving of (-£217,000) on the Early Intervention grant funding The service also secure additional funding from the PCT towards the cost of Children's short stays (-£153,000).
29. Further savings were achieved in Supplies & Services costs within Youth Persons Substance Misuse (-£82,000). There was a saving of (-£73,000) on the Youth Offender Service budget by not incurring any remand costs during the year and from contract cost savings.
30. A detailed breakdown of budget reductions is shown in appendix B.

Social Care: (-£1,853,000) saving up from (-£1,802,000) at quarter three.

31. The service achieved a net saving of (-£1,853,000) as summarised below:

	Final Outturn Variance £'000s	3rd Quarter Outturn Variance £'000s	Variance £'000s
Service Strategy	-14	-14	0
Older People	-269	-147	-122
Physical Dis/ Sensory Impairment	-311	-213	-98
Learning Disabilities	-642	-532	-110
Mental Health	-419	-354	-65
Other Adults Services	-15	0	-15
Ayresome Industries	217	86	131
Integrated Transport Unit	-124	-80	-44
Asylum Seekers	-53	-47	-6
Domiciliary Care	-143	-128	-15
Adults Holding Accounts	-301	-124	-177
Performance & Modernisation	-70	35	-105
Demand Led Budgets	708	599	109
Supporting People	-427	-360	-67
Direct Payment Surpluses	-52	0	-52
Winter Pressures	0	-198	198
Fairer Charging Policy Income	-297	-341	44
Bad Debt Provision	359	16	343
Total	-1,853	-1,802	-51

32. **Older People: (-£269,000).** Staff savings across the division totalled (-£278,000). Savings were also achieved following a review of day services for Older People (-£44,000). Additional income of (-£85,000) was received following the sale of two placements at the Middlesbrough Intermediate Care Centre (-£85,000) and additional reablement funding of (-£12,000) from the Middlesbrough Primary Care Trust (PCT).
33. There was a net pressure of (+£128,000) on costs relating to care providers and service users and a pressure of (+£20,000) was incurred on ending the contract with the Hindu Cultural Day Service.

34. **Physical Disabilities: (-£311,000).** There were staffing cost savings across the division of (-£103,000). Additional income was obtained from Middlesbrough PCT and from service user contributions (-£34,000). Following negotiations with the PCT a revised "health list" (equipment automatically chargeable to Health) was agreed and backdated to April 2012, this resulted in the PCT contributing (-£60,000). In addition there were savings on the equipment budget of (-£63,000) and savings at the Orchard Day Centre (-£25,000) and Teesside Ability Support Centre (-£12,000).
35. **Learning Disabilities: (-£642,000).** The service secured additional Health contributions towards the cost of care packages of (-£164,000). Savings were achieved due to a reduction in the unit cost of residential placements (-£43,000) and because of the cessation of a number of care packages (-£61,000). Staffing and running cost savings across the division totalled (-£155,000) and (-£50,000) respectively; partially offset by a pressure due to a loss of income (+£51,000). There was a saving of (-£64,000) on the Levick Court budget because of a delay in recruitment and running costs being lower than anticipated. Savings were also made on the Upsall Hall (-£46,000), Learning Disabilities Development Fund (-£47,000), Community Support team (-£32,000) and Black and Minority Ethnic (BME) service (-£20,000) budgets.
36. **Mental Health: (-£419,000).** Savings of (-£181,000) were achieved from staff vacancies within Assessment and Care Management. There were also savings on the Sunningdale (-£99,000), Section 117 payments (-£97,000), Living Life Service (-£13,000) and Deprivation of Liberties assessment (-£19,000) budgets.
37. **Asylum Seekers: (-£53,000)** Savings of (-£53,000) were made as a result of moving failed asylum seekers into shared accommodation.
38. **Demand led Budgets: (+£708,000).** The full year impact of increases in demand was £1,906,000. This resulted in a budgetary pressure of (+£1,156,000) after utilising the service's demand allocation of £750,000. This was partially offset by a saving of (-£448,000) from negotiations with the Independent Sector providers on the cost of placements; this is an early achievement of the 2013/14 efficiency target.
39. **Supporting People: (-£427,000).** A saving of (-£427,000) was achieved following a review of all current contracts paid for by Supporting People funding; this is an early achievement of the 2013/14 savings target.
40. **Performance and Planning (-£70,000):** The annual maintenance of the Integrated Adult IT system was not required in 2012/13 resulting in a saving of (-£71,000). This was offset by a pressure of (+£100,000) due to the efficiency target within administrative support not being achieved. Additional income totalling (-£38,000) was recovered from service users estates as contributions towards the cost of funerals paid for by the Council. There were also savings on staffing costs and running costs across the division of (-£61,000).

41. **Ayresome Industries/Employment Support: (+£217,000).** The continuing impact of the economic downturn resulted in a pressure of (+£214,000) on the sales income target after adjusting for the cost of materials. There was also a pressure of (+£136,000) on staffing costs mainly due to a delay in staff transferring to the Environment Service. The re-negotiated contract with the Shaw Trust resulted in additional income of (-£163,000) being received in 2012/13, of which -£109,000 related to previous financial years.
42. **Integrated Transport Unit: (-£124,000).** The receipt of additional bus operators grant, additional service user contributions and a reduction in supplies and services costs resulted in an overall saving of (-£124,000) on the Integrated Transport Unit (ITU) budget.
43. **Domiciliary Care: (-£143,000):** A review of care contracts with the independent sector produced savings of (-£77,000). Savings were also achieved on personal care costs (-£44,000) and car allowances (-£13,000) and the service received one-off income from Health of (-£81,000). These savings were partially offset by a pressure due to the late implementation of the reablement service review (+£72,000).
44. **Other Adult Accounts: (-£301,000):** There was a pressure of (+£171,000) the late implementation of the management review. The efficiency savings target for reducing care package costs was not achieved in full producing a further pressure of (+£34,000).
45. A saving of (-£130,000) was achieved on the workforce development budget due to a reduction in the number of non-statutory training courses being provided. There were also savings of (-£76,000) on the Stroke Care team and Social Care Reform budgets and on the Domestic Violence strategy budget (-£28,000). Further savings were achieved on the Local Involvement Network contract (-£22,000), Direct management support contract (-£17,000) and carers' budget (-£36,000). In addition to this, the service received income of (-£177,000) from Middlesbrough PCT as a contribution towards the cost of carers.
46. **Fairer Charging Policy Income: (-£297,000).** The revised Fairer Charging policy took effect from the 9th April 2012. and contributions exceeded the budgeted target by (-£297,000). This was due to charging for day care, revised expenditure disregards and changes to charging for couples.
47. **Winter Pressures:** A schedule was 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.
48. **Bad Debt Provision (+£359,000)** The level of outstanding service user debt has risen in 2012/2013 and as a result the service's bad debt provision has been increased by (+£359,000).
49. A detailed breakdown of budget reductions is shown in appendix B.

Environment: (-£1,000,000) saving up from (-£360,000) at quarter three

50. The service achieved a net saving of (-£1,000,000) as summarised below:

	Final Outturn Variance	Estimated 3rd Quarter Outturn Variance	Variance
	£'000s	£'000s	£'000s
Community Protection	-807	-591	-216
Strategic Management	-71	-48	-23
Environment Services	-122	279	-401
Total	-1,000	-360	-640

51. **Community Protection (-£807,000).** A pressure of (+£48,000) was incurred on the Safer Middlesbrough Partnership budget due to a reduction in contributions from the PCT.
52. Staffing cost savings across Public Protection totalled (-£365,000). These savings will contribute to future year's budget reductions. In addition to this, income from the Selective Licensing Scheme exceeded the budgeted target by (-£47,000). The Scheme ended in July 2012, and the budgeted income target has been removed from 2013/14.
53. There was a saving of (-£20,000) on the Joint Arrangement fee paid to Hartlepool Council for the Emergency Planning Service and a net increase in Pest Control income of (-£13,000) from one-off commercial contracts.
54. Within Health & Development, there were a number of savings on the Crematorium and Cemeteries budget. Income from cremations had exceeded the budget level by (-£127,000) due to a rise in the number of cremations being carried out, especially in the last quarter of 2012/13. There were also savings on staffing costs (-£15,000) and supplies and services costs at Linthorpe Cemetery (-£17,000). Savings were also achieved on staffing costs within Environmental Sustainability (-£45,000) and on partnership payments to Environment City (-£10,000).
55. Within Sport & Leisure, net savings were achieved on the Leisure Management (-£45,000) and Sports Development & Events (-£71,000) budgets. These were achieved as a result of staffing cost savings generated through service reviews and a reduction in supplies and services costs. In addition to this, there were savings of (-£53,000) on Leisure Venue budgets mainly as a result of income levels exceeding the budgeted target.
56. The secondment of the Community Protection Assistant Director to the Cleveland Police and Crime Commissioner from November 2012 onwards produced a staffing cost saving of (-£34,000).

57. **Strategic Management (-£71,000).** Staffing cost savings of (-£72,000) were achieved due to a vacant post and a secondment. Further savings were made on the cost of Mouchel Additional Service Provision (ASP) staff (-£14,000). There was a net pressure on running costs of the service of (+£15,000).
58. **Environment Services: (-£122,000).** Savings of (-£48,000) were achieved on Streetscene Services (Area Care, Waste Collection and Highways Maintenance) mainly as a result of staff leaving under ER/VR and a reduction in the use of casual staff.
59. Previously it was reported that there was a shortfall on the £250,000 budget reduction in building cleaning costs across Council Properties in 2012/13. The outturn position was a net saving of (-£34,000) as a result of savings from further ER/VRs and increased income from external service users.
60. Increased income from schools for building repairs and maintenance has led to a saving of (-£103,000) on Building Maintenance budgets This saving offset the Facilities Management income target for 2012/13 of (+£115,000).
61. There was a pressure of (+£23,000) on Streetscene Catering operations, mainly on staffing and supplies and services costs. This was partly offset by a saving of (-£18,000) on the Public Conveniences budget due to reduced utility and other running costs.
62. A saving of (-£321,000) was achieved on the Waste Disposal budget. This was a result of savings on the Kerbside Recycling contract and a reduction in the volume of waste being sent to landfill because of an increase in recycling rates.
63. A pressure of (+£48,000) was incurred on the Fleet budget, mainly due to a higher than expected cost for the Fleet Factors contract for the supply of parts.
64. The saving from the purchase and refurbishment of the Cargo Fleet Depot was not fully achieved resulting in a pressure of (+£218,000) on the Environment Services Management & Administration budget. This was partly offset by a saving of (-£43,000) on supplies and services costs.
65. Within Active Travel and Road Safety, savings were achieved on School Crossing Patrols (-£39,000), Road Safety (-£30,000) and supplies and services (-£10,000) costs. Additional income of (-£16,000) was also generated from staff recharges to grants/projects. These savings were partly offset by a net pressure of (+£23,000) on the Bus Station budget. A further pressure of (+£24,000) was incurred on Bus Revenue Support as a consequence of the required budget cut not being fully achieved.
66. There were significant pressures on car parking budgets because of a reduction in car parking income. Income from Off-Street Parking was (-£256,000) below the budgeted level and there were also pressures on On-Street Parking (+£32,000) and on Decriminalised Parking (+£45,000). The overall pressure was reduced by (-£77,000) following the approval of a virement from the Corporate Initiatives budget to fund the Mayor's Christmas Parking Initiatives. The pressure was also

partially offset by staffing cost savings of (-£75,000) due to a reduction in overtime payments and pension costs, and a member of staff leaving.

67. A pressure of (+£43,000) was incurred on the Parkway Centre Car Park budget due to bad debt costs and the fact that service was not able to recharge some tenants for their share of car park maintenance costs. This was partly offset by staffing cost savings of (-£37,000) in Traffic Engineering.
68. Within Highways Inspection Services, there was a net pressure of (+£10,000) on the Intervention Team mainly relating to the running costs of the Incident Response Unit, which is currently contracted externally. This pressure will not re-occur in 2013/14 as the service has been brought back in-house. A further pressure of (+£16,000) was incurred on the Laboratories budget due to the service not being able to recharge the Joint Arrangement for management done on its behalf. A budget which includes a fee for management services has been agreed by the Joint Arrangement for 2013/14.
69. A detailed breakdown of budget reductions is shown in appendix B.

Regeneration: (-£703,000) saving up from (-£174,000) at quarter three

70. The service achieved a net saving of (-£703,000) as summarised below:

	Final Outturn Variance	Estimated 3rd Quarter Outturn Variance	Variance
	£'000s	£'000s	£'000s
Development Division	-590	-227	363
Economic Development Culture & Communities	-107	47	154
Mima	-8	0	8
Director of Regeneration	2	-2	-4
Bad Debt Provision		8	8
Total	-703	-174	529

71. **Development Division: (-£590,000).** Staffing cost savings of (-£140,000) were achieved across the division, particularly within Housing Services and Regeneration Projects & Design Services. The delay of a study by the Environment Agency has resulted in a further saving on the rolling Local Development Framework (-£95,000). There was also a saving of (-£15,000) on Archaeology costs.
72. An income surplus of (-£20,000) was achieved on Housing Services due to an increase in fees from the Homeswap capital scheme and management of the Warmer Healthy Homes grant. An income surplus was also achieved on the Architects' budget (-£67,000), primarily due to additional work in the last quarter of 2012/13. There was a saving of (-£23,000) on the homelessness grant and additional income contributions of (-£10,000) for studies. There was a saving of (-£207,000) on the New Homes Bonus scheme funding.

73. **Economic Development, Culture and Communities: (-£107,000).** There was an increase in the amount of work being carried out by Mouchel resulted in a pressure of (+£35,000) on Valuation & Estates costs. There was also an income shortfall of (+£66,000) on the Community Regeneration budget as a result of tenants vacating Grove Hill Resource Centre. This was offset by savings of (-£84,000) on Community Regeneration supplies and services costs..
74. Savings of (-£96,000) were achieved on Libraries & Archives staffing costs as a result of vacant posts and a reduction in pension costs. There was also a saving of (-£27,000) on the Book Fund. A further saving of (-£25,000) was made on the Economic Development/Town Centre Team budget mainly because of a reduction in staffing costs due to staff leaving under ER/VR. There was also a saving of (-£13,000) on Museums and Culture costs. These savings are partially offset by the budgeted administration savings target not being met in full (+ £37,000).
75. **MIMA: (-£8,000).** Savings were achieved on staffing costs (-£44,000) and on the Divestment budget (-£17,000). This was offset by income shortfalls on sponsorship (+£20,000), the café franchise (+£23,000) and on exhibitions and shop sales (+£10,000).
76. A detailed breakdown of budget reductions is shown in appendix B.

Corporate Services: (-£810,000) saving up from (-£310,000) saving at quarter three

77. Corporate Services achieved a net saving of (-£810,000) as summarised below:

	Final Outturn Variance	Estimated 3rd Quarter Outturn Variance	Variance
	£'000s	£'000s	£'000s
Legal & Democratic Services	-185	-184	-1
Strategic Resources	-733	-310	-423
Partnership	299	312	-13
Assistant Chief Executive's Office	-318	-148	-170
Bad Debt Provision	20	18	2
Property	107	2	105
Total	-810	-310	-500

78. **Legal & Democratic Services: (-£185,000).** Staffing cost savings were achieved on the Senior Management (-£24,000), Paralegal Team (-£35,000) and Common Law (-£124,000) budgets. This was partially offset by pressures on Property & Regeneration fee income reflecting the impact of the economic downturn on property sales (+£29,000). There were also pressures on Copyright Licence fees within the Paralegal team (+£10,000).

79. Savings of (-£105,000) were achieved on Members' Services budgets. This was mainly on staffing costs, Electoral Registration costs and Members' car allowances and course fees. There is a by-election for the Pallister ward and a Mayoral referendum due in 2013/2014. It is proposed to increase the election reserve by £160,000 to cover the costs of these two electoral events.
80. The service is requesting that the council's existing balance sheet provision for the potential repayment of Land Search fees of £34,000 is increased by (+£66,000) to £100,000 to reflect the latest estimate of the council's potential liability.
81. **Strategic Resources: (-£733,000).** Savings of (-£175,000) were achieved on staffing costs. There were also savings on the Tees Valley Internal Audit contract (-£34,000) and on External Audit fees. Lower carbon emissions have resulted in a saving of (-£129,000) on the Carbon Reduction Commitment (CRC) budget. Savings were also made on supplies and services costs (-£93,000).
82. The level of Housing Benefits Subsidy was higher than projected resulting in a further saving of (-£170,000).
83. **Partnership: (+£299,000).** The Strategic Partnership efficiency savings target was not achieved in full resulting in a budget pressure of (+£299,000).
84. **Assistant Chief Executive's Office: (-£318,000).** Savings of (-£251,000) were achieved as a result of vacant posts arising from the early delivery of efficiency savings and on supplies and services (-£17,000)
85. The Corporate Initiatives budget was not fully allocated in 2012/13. It is requested that £10,000 be placed in a reserve to cover the costs of any potential deficit on the Cleveland Show. This leaves a net saving of (-£49,000) in 2012/13. Full details of approved spending from the Corporate Initiatives budget are attached at Appendix D.
86. **Property: (+£107,000).** Occupancy rates for the Enterprise Centres were lower than the budgeted target resulting in an income shortfall of (+£125,000). There was also a pressure on Business Rates (+£65,000) and on property running costs because of an increase in energy prices (+£70,000).
87. These pressures were partially offset by savings on the TAD Centre (-£49,000) and Other Commercial Property (-£49,000) budgets. Savings were also achieved on the Asset Management Team staffing budget (-£28,000) together with a saving of (-£40,000) on supplies and services costs.
88. A detailed breakdown of budget reductions is shown in appendix B.

Central Costs saving of (-512,000) up from (-£71,000) at quarter three

89. A saving of (-£512,000) has been made on central costs as set out below:

	Final Outturn Variance`	Estimated 3rd Quarter Outturn Variance	Variance
	£'000s	£'000s	£'000s
Pay & Prices	-217	0	-217
Capital Financing Costs	-763	-613	-150
Custodian Properties	46	25	21
Designated Authority	-24	-7	-17
Ex Trading Pensions Backfunding Costs	-124	-123	-1
River Tees Port Authority	-8	-8	0
Unfunded Pensions	47	50	-3
Right To Buy Receipts	-21	-21	0
NNDR Discretionary Relief	255	225	30
Miscellaneous Bad Debt Provision	433	480	-47
Miscellaneous	-136	-79	-57
Total	-512	-71	-441

Transfer to Reserves and Provisions: (+£3,860,000) up from (+£698,000) at quarter three

90. It is proposed to supplement the following reserves:

	£'000
Change Fund	+3,700
Election Reserve - Pallister Ward By-election	+10
Election Reserve - Mayoral Referendum	+150
	<hr/>
	+3,860

91. **Budget Reductions:** There was a shortfall of (+£909,000) against the budget reductions target for the Council as summarised in the table below:

	Outturn	Target	Variance
	£'000s	£'000s	£'000s
Children, Families & Learning	3,582	3,777	195
Social Care	2,775	3,050	275
Environment	1,593	1,835	242
Regeneration	764	770	6
Corporate Services	2,153	2,344	191
Grand Total	10,867	11,776	909

Balance Sheet

92. **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	7,430	-7,007	7,430
Investment Reserves	309	0	0	309
DSG	531	65	-596	0
Specific Revenue Reserves	10,726	8,393	-8,046	11,073
Provisions	4,730	731	1,263	6,724
Total	23,303	16,619	-14,386	25,536

93. The government top-sliced an amount from every local authority's formula grant budget in 2011/12 for the costs of the LACSEG paid to Academies (the Local Authority Central Spend Equivalent Grant). This grant covers the central education services for which local authorities receive funding through formula grant but which Academies are responsible for securing independently.
94. In July 2012 the Government took the decision to refund any local authority where the amount deducted in 2011/12 was greater than it would have been had the deduction been based on the number of pupils in Academies throughout the 2011/12 financial year. Middlesbrough Council received a refund of £422,000 which it is proposed to place in the Change Fund.
95. The Council set up the Change Fund to pay for one-off costs associated with implementing change within services including the funding of Invest to Save projects, Early Retirements / Voluntary Redundancies and altering the way services are commissioned and delivered. The Council spent £3.9 million in 2012/2013 and after the amendments included in this report the balance will be £4.2 million to invest in transformation in 2013/2014.
96. **Bad Debt:** The Director of Resources has reviewed and agreed to write of the outstanding debt against the bad debt provision relating to:
- Deceased with no estate.
 - Bankruptcies / liquidation.
 - Aged debt prior to 2004.
 - Former Housing debt prior to 2004/2005.
 - Uneconomical to pursue.
 - Unable to Trace.

97. The table below summaries the bad debt provision outturn position: -

	£,000
Balance 01/04/2012	6,240
Write Offs	-3,515
Income / Credit Notes	-1,422
Balance 31/03/2013	1,303

FINANCIAL, LEGAL AND WARD IMPLICATIONS

98. A net saving of -£191,000 is forecast within general fund services for the year as summarised below:

	Final Outturn Variations £'000s	Estimated 3rd Qtr Outturn Variations £'000s	Variance £'000s
Children, Families and Learning	827	1,850	-1,023
Social Care	-1,853	-1,802	-51
Environment	-1,000	-360	-640
Regeneration	-703	-174	-529
Corporate Services	-810	-310	-500
Central Costs	-512	-71	-441
Net Total	-4,051	-867	-3,184
Transfer to Reserves Provisions	3,860	698	3,162
TOTAL	-191	-169	-22

RECOMMENDATIONS

99. 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.