

**SCRUTINY REPORT**

**OVERVIEW & SCRUTINY BOARD**

15th October 2013

**2013/2014 Revenue Budget Projected Outturn Update**

**Paul Slocombe Director of Strategic Resources**

**PURPOSE OF THE REPORT**

1. To present to the Executive an estimate of the annual projected outturn for 2013/14 based on the first budget update exercise of revenue expenditure against the current years Revenue Budget.

**SUMMARY OF RECOMMENDATIONS**

2. a) Note and consider the contents of report  
b) Approve the virements requested in Appendix D.

**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. On the 4<sup>th</sup> March 2013 the Council set its revenue budget for 2013/14 at 140.401 million. A Council Tax increase of 1.96% was approved for the Council.
6. In setting the 2013/14 budget, budget reductions of approximately £12.7 million were identified.
7. The Council approved additional investment in key services as follows:-

£1.0 million for demand pressures on care for children and young people.

£0.820 million on other support for children and young people.

£1.250 million for care for older people and vulnerable adults.

£0.680 million for environment services.

£0.500 million for other services.

8. The projected outturn position for 2013/14 is a net budget pressure of (£349,000). This represents a 0.24% saving against the 2013/14 revenue budget. The projected outturn position is summarised below:

<b>KEY AREAS</b>	<b>Net Budget</b>	<b>Net Estimated Outturn</b>	<b>Net Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Social Care	1,595,000	2,192,000	597,000
Children Families and Learning	- 87,974,900	- 87,610,158	364,742
<b>Total Wellbeing, Care &amp; Learning</b>	<b>- 86,379,900</b>	<b>- 85,418,158</b>	<b>961,742</b>
Regeneration	2,968,400	2,896,819	- 71,581
Environment	12,974,900	13,248,705	273,805
<b>Total Neighbourhoods &amp; Communities</b>	<b>15,943,300</b>	<b>16,145,524</b>	<b>202,224</b>
<b>Corporate Services</b>	<b>26,803,900</b>	<b>26,804,994</b>	<b>1,094</b>
<b>Central Savings</b>	<b>-</b>	<b>- 2,343,544</b>	<b>- 2,343,544</b>
<b>TOTAL KEY BUDGET MONITORING AREAS</b>	<b>- 70,436,600</b>	<b>- 71,616,178</b>	<b>- 1,179,578</b>
<b>SAVINGS</b>	<b>Net Budget</b>	<b>Net Estimated Outturn</b>	<b>Net Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Wellbeing, Care &amp; Learning</b>	<b>- 4,928,000</b>	<b>- 4,576,000</b>	<b>352,000</b>
<b>Neighbourhood &amp; Communities</b>	<b>- 3,993,000</b>	<b>- 3,578,000</b>	<b>415,000</b>
<b>Central Services</b>	<b>- 3,734,000</b>	<b>- 2,972,000</b>	<b>762,000</b>
<b>TOTAL SAVINGS</b>	<b>- 12,655,000</b>	<b>- 11,126,000</b>	<b>1,529,000</b>
<b>TOTAL</b>	<b>- 83,091,600</b>	<b>- 82,742,178</b>	<b>349,422</b>

9. Overall the projected outturn of the Council is showing a pressure on financial resources and includes significant pressures within services
- Children Families and Learning – pressures are forecast on Independent Fostering (+£817,000) and Residential Schools agency budgets (+£277,000).
  - Within Social Care, demand led pressures of +£1,453,000 are predicted.
  - Social Care are expecting savings of -£405,000 on staffing and -£232,000 on running expenses / supplies & services across the service.
  - Within Environment the savings targets for Fleet Management (+£50,000) and Depot Rationalisation (+£204,000) will not be achieved in full.
  - Public Health are predicting a saving of -£1,200,000 on Council programmes, which are eligible for Public Health funding.
  - Within Property Services, a shortfall of +£75,000 on Commercial Property rent income and the accommodation review savings target of +£350,000 will not be achieved.
  - A pressure of +£430,000 is currently projected on the Partnership budget as no firm plans exist to achieve the savings targets for streamlining support to services and managers. Work to identify which functions can be reduced or modernised to achieve the savings required is currently taking place however and will be complete by 18 October 2013. At this point in time, a more definite projection will be produced.
  - There is a pressure of + £412,000 in the Assistant Chief Executives Office as the cross cutting savings targets for overtime premium payments, essential car user allowances, staff car parking charges across the council will not be achieved.
  - Savings of -£220,000 are predicted on central costs particularly on capital financing.
10. The projected outturn figures have been based on both progress against the service savings targets for 2013/2014 and the key budgets (both expenditure and income), which have been identified as fundamental to the financial health of the Council. The progress on key budgets has been RAG rated (Red / Amber / Green) to highlight areas of concern/action required. The areas of concern on the key budgets for each service area are shown in the attached Appendix A and for service savings in Appendix B.
11. An update on the actions required from the 2013/2014 budget monitoring meetings is shown in Appendix C.

## **IMPACT ASSESSMENT (IA)**

12. Not applicable to this report.

## **OPTION APPRAISAL / RISK ASSESSMENT**

13. Not applicable to this report.

## FINANCIAL, LEGAL AND WARD IMPLICATIONS

14. The impact of the projected outturn (shown below) will result in the Council having a positive balance on the General Fund:

	<b>General Fund</b>
	<b>£'000s</b>
Opening Balance	5,230
Less:	
Forecast Net Pressure	-349
<b>Estimated balance as at 31<sup>st</sup> March 2014</b>	<b><u>4,881</u></b>

## SCRUTINY CONSULTATION

15. The report will be presented to the Overview and Scrutiny Board in October 2013.

## RECOMMENDATIONS

16. Overview and Scrutiny Board are asked to -
- a) Note and consider 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.

**AUTHOR:** Paul Slocombe, Director of Strategic Resources.

APPENDIX A

Wellbeing, Care and Learning Budget Reductions

PROPOSAL	2013/2014		2014/2015		Rag Rating	RAG Rating
	Saving £'000	Estimated Outturn £'000	Variance £'000	Saving £'000		
<b>Completed Savings</b>						
Close Sunningdale Mental Health Residential Home and purchase beds from the private sector	125	200	75	125	200	75
Bring forward savings associated with previous proposal to save £400,000 per annum from Supporting people reviews with effect from October 2013 to April 2013, delivering an additional £200,000 in 2012/13	200	240	40	200	240	40
Increase the residential care charge clients pay by amount equal to pension increases	22	45	23	22	45	23
<b>Ongoing Savings</b>						
Review of terms and conditions for Family Resource Team and Home Support Team	50	50	0	50	50	0
Create a single commissioning unit to reduce the cost of purchasing care	75	75	0	75	75	0
Commission out some of the support services to schools that we currently provide directly, based upon school led priorities for improvement	225	225	0	225	225	0
Revised terms and conditions for IYSS staff	50	50	0	50	50	0
Increase the rates of awards for for continuing health care	100	100	0	100	100	0
Reduce residential care costs through a more effective use of the Intermediate Care Centre	20	20	0	20	20	0
						Further savings achieved due to : (1) Earlier closure of home than planned (2) Delay in alternative provision for respite care and assessment & recovery
						Estimate at this point in time - reviews still not completed Need process on how to monitor.
						Best estimate at this point in time - includes VR application but awaiting approval Estimate at this point in time - reviews still not completed Based on savings to date Need process on how to monitor.

**APPENDIX A**

Renegotiate the costs and provision of Learning Disability day services at Upsall Hall	101	101	0	101	101	0	(1) Need date when Upsall Hall to be closed. (2) Alternative provision / cost for service users from Upsall to be agreed
Transfer the charge for managing direct payment allowances from the Council to those receiving direct payments	120	40	-80	120	40	-80	(1) Not yet started (2) Need mechanism to record, monitor and report on changes of direct payments
Reduce the costs of high cost residential care placements for adults	180	30	-150	180	30	-150	Update needed from VCFM on price reduction offers to date and future projections due by 31 July 2013
Cease providing employment support advice to those receiving social care and redirect individuals to other external employment support advisors	50	50	0	50	50	0	Need to assess implications of changes to Community Learning Funding.
Reduce the number of Older Persons' Day Care Centres from three to one	140	140	0	140	140	0	£75,000 achieved. Need plans to identify how remaining target will be achieved.
Secure alternative funding to transport children with special needs to Cleveland Unit	58	58	0	58	58	0	Based on revised service provision being in place w.e.f. 1st September 13.
Cease providing the 'Teen Mover' pass for half fares on all bus services	119	119	0	119	119	0	Based on revised service provision being in place w.e.f. 1st September 13.
Provide transport support for foster care children, currently by taxi, through alternative means	35	35	0	35	35	0	Based on revised service provision being in place w.e.f. 1st September 13.
Provide home to school transport support for children with Special Education Needs through alternative means	134	134	0	134	134	0	Revised operating structure and costs currently being derived

**APPENDIX A**

Cease providing Dial a Ride transport for people with difficulties in using public transport	60	60	0	60	60	0	60	60	0	Based on revised service provision being in place w.e.f. 1st September 13.
Commission out transport to Day Care Centres and stop using Council mini buses	230	230	0	230	230	0	230	230	0	Revised operating structure and costs currently being derived
Reduce the level and cost of residential placements for looked after children	570	390	-180	390	570	-180	390	390	-180	Based on the returning children to middlesbrough pilot
Create a single point of contact for Adult and Children's Social Care services	40	0	-40	0	40	-40	0	0	-40	Target removed - added to Supporting People target
Provide more beds in local Children's Homes to reduce the number of out of area placements	226	226	0	226	226	0	226	226	0	No Saving through bringing back Five Rivers in-house A review of night time staffing arrangements means an increase in staff required. However, by doing this the service can provide 3 additional beds therefore reducing external fostering fees.
Introduce a charge to the Health Service for the care management of people with an identified health need	50	10	-40	10	50	-40	10	10	-40	Will not be achieved as CCG decided to employ their own staff. Will be charges for April - June 13.
<b>TOTAL SAVING</b>										
<b>2,500</b>										

<b>TOTAL SAVING</b>									
<b>2,500</b>									

**Neighbourhoods and Communities Budget Reductions**

Proposal	2013/14			2014/2015			RAG Rating
	Saving £'000	Estimated Outturn £'000	Variance £'000	Saving £'000	Estimated Outturn £'000	Variance £'000	
<b>Completed Savings</b>							
Savings from the integration of Environment, Community Protection and Regeneration	212	219	7	212	219	7	Being managed by vacancies. Posts to be deleted and budgets adjusted
Events officer reduction	20	21	1	20	21	1	
Volunteer Supported Service at Hemlington Library	15	15	0	15	15	0	
<b>TOTAL COMPLETED SAVINGS</b>	<b>247</b>	<b>255</b>	<b>8</b>	<b>247</b>	<b>255</b>	<b>8</b>	
<b>Ongoing Savings</b>							
Reduce evening, morning and weekend bus services contracted by the Council	82	60	-22	82	82	0	Services have been reduced but awaiting S106 receipt (may be able to find shortfall in saving in 13/14 from reduction to Tees Valley Connect)
Reduce Council costs through the sale of surplus properties	125	125	0	125	125	0	Dependency on one key sale
Change to the capital programme the staffing costs for regeneration projects	140	140	0	140	140	0	Dependant on receipts coming in to charge against
Further rationalise community buildings and centres.	75	34	-41	75	34	-41	Third year implementation will identify substitute as maximum saving will only be £68,000
Transfer the operation of Newham Grange Leisure Farm to a third party	30	30	0	30	20	-10	Transfer process being reviewed by Director





APPENDIX A

Partnership Budget Reductions

PROPOSAL	2013/2014			2014/2015			RAG Rating
	Saving £'000	Estimate Outturn £'000	Variance £'000	Saving £'000	Estimated Outturn £'000	Variance £'000	
Streamline the support to services and managers including the standardisation of business processes and the removal of internal trading	350	0	-350	350	0	-350	THIS CROSS-CUTTING saving does not yet have firm savings proposals attached to it. Work to firm up the detail is being actively pursued, however at this stage it is not possible to forecast a saving.
Simplify procurement processes	150	0	-150	150	0	-150	THIS CROSS-CUTTING saving does not yet have firm savings proposals attached to it. Work to firm up the detail is being actively pursued, however at this stage it is not possible to forecast a saving.
<b>TOTAL BUSINESS</b>	<b>500</b>	<b>0</b>	<b>-500</b>	<b>500</b>	<b>0</b>	<b>-500</b>	
<b>TOTAL CENTRAL SERVICES</b>	<b>1,457</b>	<b>395</b>	<b>-1,062</b>	<b>1,457</b>	<b>557</b>	<b>-899</b>	

## Social Care Key Areas Monitoring

	Net Budget	Net Estimated Outturn	Net Variance	RAG	Variance Explanation
Middlesbrough Intermediate Care Centre	165,300	212,800	47,500		Staffing overspend due to cover arrangements for long-term sickness and staff on suspension
Connect	-269,700	-172,300	97,400		Structural budget problem , due to shortfall in client contributions
	1,250,000	2,569,400	1,319,400		(1) There is a substantial 'net' increase in the number of new placements in Q1 (2013/14 : +50 , 2012/13 : -3 ) mainly in residential care . (2) Internal panel for placements in operation from 2 July 13.
Increase in Demand Led Pressures	-2,025,000	-1,971,600	53,400		Average billing per service user is less than anticipated at budget setting.
Implementation of the Fairer Charging	5,713,100	5,463,100	-250,000		
Supporting People	112,700	78,700	-34,000		(1) Based on review of operations at Ayresome - cease production of UPVC windows (2) New services (income streams) provided for MAMMS and Telecare (3) Based on orders placed at this point in time.
Ayresome Industries	-287,000	-691,700	-404,700		
Abatement / Vacancies	0	-232,000	-232,000		
Supplies & Services	4,659,400	5,256,400	597,000		
<b>TOTAL</b>					



**BUDGET MONITORING ACTIONS – AUGUST  
2013**

**APPENDIX C**

<b>CENTRAL SERVICES</b>	<b>Action Required</b>	<b>Timeframe</b>	<b>Progress</b>	<b>Person Responsible</b>
Issue Partnership Delivery	Action plan to be prepared together with Mouchel to alleviate the projected budget shortfall of £430k.	October 2013		John Shiel/Chris Chapman
Community Support Payments	All eligible expenditure to be identified across the council to maximise use of funding for Community Support.	October 2013		Bryan Baldam/Martin Barker

<b>WELLBEING ,CARE &amp; LEARNING</b>	<b>Action Required</b>	<b>Timeframe</b>	<b>Progress</b>	<b>Person Responsible</b>
Issue Connect Income target shortfall	Income budget to be reviewed and a more realistic income target set for future years.	October 2013		Tom Boyd/Phil Clarke
Demand Led Pressures	<ul style="list-style-type: none"> <li>Simplified database to be set up to monitor changes in demand for both Adult Social Care and Vulnerable Children.</li> <li>Exercise to be undertaken to establish the total overall cost of demand led pressures to be incorporated into the Medium Term Financial Plan (MTFP).</li> </ul>	November 2013		Mike Robinson/Julie Mogridge/Phil Clarke

Adult Social Care Budget Pressure	Action plan to be prepared with proposals for alleviating the projected net service budget pressure.	October 2013		Mike Robinson/Louise Grabham/Colin Holt/Tom Boyd
Joint Investment Programme (JIP)	Service to identify any JIP funded expenditure that satisfies Public Health spending criteria in order to maximise use of Public Health grant	October 2013		Edward Kunonga/Phil Clarke

### NEIGHBOURHOOD & COMMUNITIES

Issue	Action Required	Timeframe	Progress	Person Responsible
Fleet Services Vehicles	Five year vehicle replacement programme to be prepared.	October 2013		Tom Punton
Cargo Fleet Depot	<ul style="list-style-type: none"> <li>A paper to be prepared for the invest to save business case for CCTV/fencing at the depot in order to reduce security costs.</li> <li>A review to be undertaken to identify what further repair and maintenance work is required at the depot.</li> </ul>	October 2013		John Shiel/Martin Shepherd
Crematorium & Cemeteries	Review running costs to establish if further savings can be made.	October 2013		Sandra Cartidge
Sale of Surplus Properties	A forward programme of capital receipts to be updated on a quarterly basis profiling when capital receipts will be received.	October 2013		Sandra Cartidge/John Shiel
LDF	A new profile to be provided to the Director of Resources for inclusion in the MTFP.	October 2013		Lisa Marron

New Home Bonus	<ul style="list-style-type: none"> <li>• A response to be prepared to the consultation on proposed changes to New Home Bonus.</li> <li>• The projected financial impact of the proposed changes over the next two years to be calculated</li> </ul>	October 2013		John Shiel  Lisa Marron
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2013/14 VIREMENT REQUESTS

<b>Transfer of Budgets from Children, Families and Learning to Corporate staff costs transferred to Policy and Resources</b>	
Wellbeing, Care & Learning (Children, Families & Learning) - Performance	(40,400)
Central Services - Policy and Resources	40,400
<b>Total</b>	<b>0</b>

<b>Transfer of Budgets to Children, Families and Learning from Property for Rent Budgets correction - internal trading</b>	
Property Services	(33,000)
Wellbeing, Care & Learning (Children, Families & Learning) - Family Resource Team	15,500
Wellbeing, Care & Learning (Children, Families & Learning) - Manager Resources Disability Assessment	17,500
<b>Total</b>	<b>0</b>

<b>Transfer of Budgets from CFL to Regeneration for Property costs</b>	
Wellbeing, Care & Learning (Children, Families & Learning) - Outdoor Education / Positive Activities	(5,000)
Regeneration - Property Services	5,000
<b>Total</b>	<b>0</b>

<b>PERMANENT VIREMENT - Correction of budget virement re: removal of internal trading relating to Building Cleaning technical advice service provided to CFL</b>	
Wellbeing, Care & Learning (Children, Families & Learning)	6,500
Neighbourhood & Communities (Environment) - Environment Services - Property Services	(6,500)
<b>Total</b>	<b>0</b>

<b>Temporary transfer of funding from Supporting People budget</b>	
Wellbeing, Care & Learning (Social Care)	(84,000)
Neighbourhood & Communities (Regeneration) - Staying Put Agency	48,900
Wellbeing, Care & Learning (Children's Families & Learning) - Leaving Care Supported Living Scheme	35,100
<b>Total</b>	<b>0</b>

<b>Transfer of funding for Pressure on DSG funded Central Services from Pay &amp; Prices Contingency</b>	
Pay and Prices Contingency	(174,275)
Wellbeing, Care & Learning (Children, Families & Learning)	174,275
<b>Total</b>	<b>0</b>

<b>Transfer of funding to Social Care for Voluntary sector grant relating to Harbour , reflects change of management</b>	
Wellbeing, Care & Learning (Social Care)	66,000
Neighbourhood & Communities (Regeneration)	(66,000)
<b>Total</b>	<b>0</b>

<b>Funding for Healthwatch - transfer to Corporate to reflect change of management (Permanent)</b>	
Central Services - Assistant Chief Exec - Healthwatch	105,600
Wellbeing, Care & Learning (Social Care)	(105,600)
<b>Total</b>	<b>0</b>

<b>Transfer of budgets from Community Inclusion Service for hire facilities for satellite groups</b>	
Wellbeing, Care & Learning (Social Care)	(16,500)
Neighbourhood & Communities (Regeneration)	5,300
Neighbourhood & Communities (Environment)	11,200
<b>Total</b>	<b>0</b>

<b>Regeneration Admin Review (LC additional hours)</b>	
Central Services - Strategic Resources Team - Partnership Budget	(5,000)
Neighbourhood & Communities (Regeneration)	5,000

<b>Total</b>	<b>0</b>
<b>First Contact Admin Increase</b>	
Central Services - Strategic Resources Team - Partnership Budget	8,500
Wellbeing, Care & Learning (Children's Families & Learning)	(8,500)
<b>Total</b>	<b>0</b>
<b>Transfer to Information Governance Unit - Data Protection</b>	
Central Services - Strategic Resources Team - Partnership Budget	(14,100)
Central Services - Legal & Members	14,100
<b>Total</b>	<b>0</b>
<b>Youth Offending Service - Additional admin support</b>	
Central Services - Strategic Resources Team - Partnership Budget	4,600
Wellbeing, Care & Learning (Children, Families and Learning)	(4,600)
<b>Total</b>	<b>0</b>
<b>Executive Office TUPE transfer from Core Contract 1 June 2013</b>	
Central Services - Strategic Resources Team - Partnership Budget	(23,000)
Central Services - Assistant Chief Execs	23,000
<b>Total</b>	<b>0</b>
<b>First Contact Admin Reduction following review</b>	
Central Services - Strategic Resources Team - Partnership Budget	(22,600)
Central Services - Assistant Chief Execs - Performance & Policy	22,600
<b>Total</b>	<b>0</b>
<b>Transfer of Repairs &amp; Maintenance budgets as part of removal of Internal Trading</b>	
Neighbourhood & Communities Property	43,000
CFL Childrens' Centres	(43,000)
<b>Transfer of Running Costs budgets as part of removal of Internal Trading</b>	
Neighbourhood & Communities Property	7,800
CFL Childrens' Centres	(7,800)
<b>Transfer of Running Costs budgets as part of removal of Internal Trading</b>	
Neighbourhood & Communities Property	10,000
CFL Outdoor Education	(10,000)
<b>Transfer of Public Health Programme - Council Services</b>	
Welfare, Care & Learning _ Public Health	(1,167,800)
<b>Environment</b>	
Healthy Living Initiatives	74,100
Run Middlesbrough (5km and 10km runs)	26,800
Sports Events General (activities, events etc)	5,900
Safer Middlesbrough Partnership	159,000
Emergency Planning	60,000
Public Rights of Way	25,000
Active Travel	85,000
Road Safety	50,000
<b>Regeneration</b>	
BME funding	20,000
<b>Children's Family &amp; Learning</b>	
Turning the Pages/national literacy trust	50,000
Community Learning	50,000
IYSS and Childrens Centres	100,000
Health School Programmes	50,000
Substance Misuses budget - Risk & Resilience	133,000
<b>Social Care</b>	
Domestic Violence - Harbour refuge	203,500
Independent Living Centre	5,500
Carers Support - Health & Wellbeing	30,000
Connect	40,000