

## OVERVIEW AND SCRUTINY BOARD

30th MAY 2006

### 2005/2006 Revenue Outturn

EXECUTIVE MEMBER RESOURCES: Cllr N Walker

#### PURPOSE OF THE REPORT

1. To present the final outturn position for expenditure against the 2005/2006 Revenue Budget.

#### BACKGROUND AND EXTERNAL CONSULTATION

2. The Council set its revenue budget at £175.1 million in 2005/2006. No general fund balances were applied to support the overall expenditure of the Council. A Council Tax increase of 4.8% for Middlesbrough Council was applied.
3. In setting the 2005/2006 budget approximately £1.1 million of efficiency savings were made. The Council approved an extra £1.7 million investment in education, £1.6 million in the Environment/Community Safety and £0.2 million support to regeneration initiatives bringing investment to the town.
4. A summary of the overall service outturn variances from budget is shown below: -

	£'000s
Children, Families and Learning	-43
Environment	-318
Regeneration	-37
Social Care	-133
Corporate Services	-1,304
	<b>-1, 835</b>

5. A detailed breakdown of each service outturn position is given in the following sections of this report together with a summary of the position relating to corporate costs and central provisions.

## Children, Families and Learning

6. A saving of (-£43,000) was made within Children, Families and Learning, summarised as follows: -

	£'000
Policy and Resources	-180
Capital and Assets	+32
School Improvement	-51
Pupil Support	-30
Community Education	-82
Strategic management	-8
Vulnerable Children	+372
Creditors reconciliation	-96

7. **Policy and Resources (-£180,000)** There are savings on Head of Service (-£17,000) and interest on school balances (-£6,000), Premature Retirement costs (-£90,000), departmental training (-9,000), Pupil support – Outdoor Centre Remissions (-£32,000) and on Catering (-£52,000). A number of sections within the service have made savings ICT Units (-£46,000), Clothing Grants (- £18,000) and the MTLC (-£23,000) in order to offset pressures in other areas of the service. It is proposed to set aside (£113,000) for the expected costs relating to the termination of the Excellence in Cities (EiC) scheme in 2006/7.
8. **Capital and Assets (+£32,000)** A number of small saving areas identified. It is also proposed to set aside (+£60,000) for planned accommodation changes which will occur during 2006/2007.
9. **School Improvement (- £51,000)** The saving has mainly been achieved by recharging salary costs to grant funded schemes.
10. **Pupil Support (-£30,000)** The budget for Home to School Transport has had increased spending pressures of (+£153,000), as a result of additional transport needs for pupils with special needs, including increasing numbers of post 16 special needs pupils accessing education in Middlesbrough. This has been offset by savings in staff costs for Admin Support (-£24,000), the Cleveland Unit (-£44,000), Child Protection (-£16,000), Educational Psychologists staffing savings and additional income (-£59,000), a saving of (-£65,000) on Extra District costs, Individual Children costs and Independent school costs, a saving on Home/ Hospital extra district costs (-£80,000), Learning and Language Support Team staffing savings (-£108,000), and other small variances. These savings are offset by the increase in demand on the Complimentary Education service (+£211,000)
11. **Community Education (-£82,000)** There are savings on Early Years & Child care management (-£9,000), North Ormesby Pavilion (-£8,000), Sure Start, Neighbourhood Nurseries (-£149,000), Nursery education Grant (-£64,000) and St Hilda's playgroup (-£35,000), offset by the loss of income for Stainsacre in the Youth Service (+£81,000), Youth Management (+£56,000) and the Youth Training and Area (+£46,000).

12. **Vulnerable Children(+£372,000)** Increased spending pressures on Assessment and Care Management (+£44,000). Within Children looked after, there has been additional budget pressure of (+£245,000) in respect of increased number of external placements and additional fostering placements. There is an additional budget pressure of (+£303,000) in the Residential Placement budget resulting from the placement of children in secure accommodation. Increased numbers of cases going to court has meant additional expenditure pressures on Legal Fees, including barrister costs of (+£57,000)
13. These spending pressures are partially offset by the one-off receipt of (-£124,000) from Five Rivers, which reflects a recovery of previous overpayments, savings on staffing costs within Family Support Services (-£40,000), Other Children and Family Services (-£113,000), and Management Support.
14. Following a detailed reconciliation of the Balance Sheet creditors account, amounts have been credited back to the Children Family and Learning Service (-£96,000).

### Environment and Neighbourhood Services

15. The saving of (-£318,000) is made up as follows:-

	£'000
Transport & Design	+74
Community Protection	-258
Streetscene – Revenue Funded	-106
Executive Director	-14
Creditors Reconciliation	-14

16. **Transport and Design (+£74,000)** An under recovery of Parking income (+£144,000) mainly due to the Executive decision not to increase car parking charges from April 2005. The review of residents parking during the year cost (+£36,000). An under recovery of income in the Building Design area (+£37,000) has been offset by a surplus in the Engineering area (-£81,000) and increased rental income from the Bus Station (-£50,000). Staff savings on Management & Admin (-£5,000) and road Safety (-£5,000)
17. **Community Protection Service (-£258,000)** There is a saving within community Protection (-£188,000) arising mainly from additional grant income together with Street wardens staff vacancies. There was also additional income from the new Licensing Act (-£110,000), staff vacancies in Trading Standards (-£48,000). This was marginally offset by a loss of income (+£40,000) from Clairville Stadium being closed for refurbishment, under recovery of Bereavement Services income and construction of memorial wall (+£46,000), an increase in bad debt provision (+£14,000).
18. **Street Scene (-£101,000)** There has been a saving in Waste Services (-£171,000) arising mainly from the late start of the recycling scheme and this has been offset by additional costs in PDI Unit (+£47,000) and the under recovery of income in Horticulture, Parks and Leisure Centres (+£44,000). Also there has been a small saving on Street Maintenance (-£20k).

19. **Executive Director (-£14,000)** A saving resulting from the post being vacant for a short period.
20. **Streetscene Trading (-£53,000)** There are surpluses in building security (-£13,000), Building Works (-£30,000), Building Cleaning (-£40,000). However, horticultural services produced a small deficit of (+£13,000) and Street Maintenance a small deficit of (+£16,000). The net surplus is offset against the corporate target of £250,000.
21. Following a detailed reconciliation of the Balance Sheet creditors account amounts have been credited back to the Environment Service (-£14,000) and (-£155,000) to the Streetscene trading areas.

### Regeneration and Cultural Services

22. This service has made a net saving of (- £37,000) as detailed below:

	£'000
Planning & Regeneration	-91
Cultural Services	-6
Economic & Community Regeneration	+131
Libraries	-21
Museums	-31
Creditors Reconciliation	-19

23. **Planning and Regeneration (-£87,000)** Excess Development Control fee income of (-£186,000), along with savings (-£49,000) on the budget for Middlehaven /Stockton & Middlesbrough Partnership have been partly offset by overspending on the Strategic Housing Function (+£184,000), resulting from the transfer of the costs of a Capital study to revenue and lower than expected benefits income from Homelessness. There was also an under recovery of Housing Mortgage advances of (+£6,000). The under-recovery is partially offset by savings on staffing appointments (-£37,000) for the team.
24. **Economic and Community Regeneration (+£131,000)** There is a spending pressure due to the under recovery of rent income for Enterprise Centres of (+£70,000), costs of (+£14,000) for the refurbishment of the Grove hill resources centre along with loss of income for the Building Bureau (+£31,000) and increased spending on staff on new initiatives of (+£11,000). There was an additional spending pressure of (+£5,000) in respect of retirement packages following the merger of TVDC with Tees Valley Regeneration.
25. Net savings of (-£55,000) on Town Centre staffing costs have been set aside to meet exit costs in 2006/2007.
26. **Libraries (-£21,000)** This saving is due to staff turnover and delays in appointments to posts this has been offset by honoraria, adverts for vacant posts, additional hours and additional recharges from HBS.

27. **Museums and Art Galleries (-£31,000)** The saving is due to staff turnover and delays in appointments to posts which have been offset by costs of advertising staff vacancies
28. Following a detailed reconciliation of the Balance Sheet creditors account, amounts have been credited back to the Regeneration Service (-£19,000).

### Social Care

29. The service has produced a net saving against budget of (-£133,000) as summarised below:

	£'000
Service Strategy	+1
Older people	+406
Physical disability /Sensory Impairment	+29
Learning Disabilities	-208
Mental Health	+57
Other Adults Services	+15
Asylum Seekers	+57
Ayresome Industries	0
Personal Care	-3
Adults Holding Accounts	-158
Holding Accounts	-180
Windfall income.	-94
Creditors Reconciliation	-55

30. **Older People (+£406,000)** The purchase of additional Elderly Mentally ill placements have resulted in additional pressures of (+£105,000). Void payments for Nursing placements have cost an additional (+£116,000) and Residential Agency Placements costing an additional (+£94,000). There is an income shortfall on Mobile Wardens (+£57,000) and Council provision of residential care (+£72,000). This is partly offset by savings from staff vacancies on Day Care (-£38,000).
31. **Physical Disabilities (+£29,000)** This is a pressure on the Residential Care budget as a result of increased placements.
32. **Learning Disabilities (-£208,000)** The saving has resulted from staff vacancies within the Assessment & Care Management area (-£40,000), the receipt of additional Health Income (-£106,000) backdated Independent Living Fund (ILF) Income (-£32,000), ceasing of enablement and support packages (-£30,000) and the full year effect of vacancies.
33. **Mental Health (+£57,000)** Additional expenditure of (+£57,000) occurred on in-house residential care provision, mainly due to income shortfalls from other authorities, and Direct Payments.
34. **Other Adults (+£15,000)** This is in respect of increased demand on the Substance Abuse budgets.

35. **Asylum Seekers (+£57,000)** This is the cost of the increased support required for failed asylum seekers following a court judgement.
36. **Adult Holding Accounts (-£158,000)** These savings have resulted from not incurring fines for Delayed Discharges from hospital (-£50,000), vacancies within Domiciliary Care (-£76,000) and Carers services budget (-£32,000).
37. **Contingency (-£274,000)** Increased Repair and maintenance costs (+£23,000), and an increase in Bad Debt Provision of (+£31,000) have been met by windfall income of (-£328,000) from Middlesbrough PCT and the Shaw Trust for which a bad debt provision had been made in the previous year. It is proposed to set aside (+£120,000) for planned Accommodation changes during 2006/2007.
38. Following a detailed reconciliation of the Balance Sheet creditors account, amounts have been credited back to the Regeneration Service (-£55,000).

### Corporate Services

39. The service group has produced a net saving of (-£1,304,000) as summarised below:

	£'000
Legal & Democratic Services	-441
Strategic Resources	-625
Performance & Policy	-171
Creditors Reconciliation	-67

40. **Legal Services (-£304,000)** The service received increased fee income (-£294,000) from the West Middlesbrough Neighbourhood Trust, Erimus Housing and Middlehaven. Further savings of (-£109,000) on Common Law budgets and (-£4,000) on Welfare budgets are forecast due to staff vacancies. These savings will be partly offset by a pressure of (+£76,000) on the General Services budget, Welfare budget (+£14,000) and the Electoral registration budget (+£13,000).
41. **Home Office Services (+£25,000)** The Coroners budget had an additional pressure of (+£25,000) due to continued efforts to reduce the backlog of cases and increasing occurrence of drug screening tests.
42. **Members Office(-£162,000)** The payment rates for Members basic and special responsibility allowances were (-£121,000) less than the budgeted level. A further saving of (-£33,000) was made on the Scrutiny Team budgets, principally as a result of the receipt of an unbudgeted contribution from the other Tees Valley Councils for work done by the section on their behalf. A number of minor savings totalling (-£18,000) were also made on several other budgets including the Civic Hospitality budget This saving was offset by additional pressures of (+£10,000) on the Freedom of Information Officer, Governance Team and other budgets.
43. **Strategic Resources (-£625,000)** Additional recoveries of (-£230,000) were made on Benefits rent allowance overpayments during the year partly as a result of increasing weekly collection rates and partly because of improved fraud detection. The numbers of claims, which don't attract 100% subsidy, have reduced during the

year lead to a saving of (-£150,000) on Housing Benefits rent allowance payments. A further saving of (-£105,000) arose as a result of staff turnover and recruitment problems in the Client Benefits Team.

On commercial properties there has been increase occupancy levels, which produced additional, rent income and lower than expected TAD Centre costs have led to a (-£155,000) saving. There was a saving on Corporate Initiatives of (-£83,000). Savings due to staff vacancies and maternity leave led to a saving of (-£40,000), are offset by costs of external fees (+£95,000) both as a consequence of recruitment difficulties and the resultant need to employ agency staff. There was an under recovery of (+£62,000) on recharges to trading areas.

There is a saving of (-£78,000) on the Asset Management budgets from the receipt of unbudgeted income from Erimus and an electricity charge rebate offset by an addition to the provision for building maintenance of (+£60,000.)

44. **Performance and Policy (-£171,000)** The saving is mainly the result of staffing vacancies (-£269,000). This is partly offset by the costs of the annual licence fee (+£64,000) for the Council's web site and (+£34,000) on non-pay budgets including consultancy fees in relation to contract renegotiations.
45. Following a detailed reconciliation of the Balance Sheet creditors account, amounts have been credited back to the Corporate Services (-£67,000).

## CORPORATE COSTS

46. The write back of the Rating Refund Provision (+£108,000) has been allocated to the Council Accommodation costs provision. The balance of the job evaluation budget has been carried forward to deal with expected costs in future years.
47. The net outturn of (+£1,046,000) on corporate budgets is summarised below.

	<b>£'000</b>
Inflation provision	+244
Levies	+5
Unfunded Pensions	-138
Write Back of Asylum seekers Provision	-139
Tad Centre grant write back	+66
Payroll holding Accounts write back	+68
Right to Buy receipts	+162
Trading Services Surplus	+42
Trading Services - non trading costs	+71
Designated Authority	-37
Capital Financing	-1,895
Custodian Properties	-30
Miscellaneous	-13
Headstones	+262
VAT on Car Parking	+490
Winter Maintenance 2005/2006	+68
	<hr/>
	-774

48. It is proposed to create the following provisions in line with the 2006/2007 budget decisions:

	<b>£'000</b>
Social Services demand led pressures	+500
Independent Sector Prices – Fair Price for Care	+250
Winter Maintenance 2006/2007	+70
Building Schools for the Future	+1,000
	<b>+1,820</b>

#### OPTION APPRAISAL / RISK ASSESSMENT

49. Not applicable to this report.

#### FINANCIAL, LEGAL AND WARD IMPLCATIONS

A net savings of -£789,000 is forecast within general fund services for the year as summarised below. Environmental lane rental income is only available for specific purposes and therefore has not been included as general balances.

	<b>£000s</b>
Children, Families & Learning	-43
Environment & Neighbourhood Services	-318
Regeneration	-37
Social Care	-133
Corporate Services	-1,304
Central Provisions	+1,046
Net Contribution to Balances: -	-789

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

	<b>General Fund £000s</b>	<b>Back Dated RSG £000s</b>	<b>Lane Rental Income £000</b>
Opening Balance	4,865		1,603
Add			
Forecast Net Services Savings	789		
Lane Rental Income			0
RSG Income Back dated*		1,866	
Less use in 2005/2006			-714
Estimated Balances as at 31 <sup>st</sup> March 2006	5,664	1,866	889

- 51 \*Note the RSG relates to the 2004/2005 Backdated Revenue Support Grant from the Council's successful population case



## **RECOMMENDATIONS**

52 Overview and Scrutiny board Members are asked to:

- a. Note and consider the contents of the report;

## **REASONS**

- a. To ensure that Middlesbrough Council reports on resource utilisation against approved budgets
- b. To consider implications upon the Medium Term Financial Plan.

## **BACKGROUND PAPERS**

The following papers were used in the preparation of the report

- 2005/2006 Service Budgets
- 3rd quarters consolidated revenue budget report

