

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE: 25 JANUARY 2007

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 10 DECEMBER 2006 (PERIOD 9)

Joint Report by Executive Head of Finance and the Executive Director of Educational and Social Services

1. PURPOSE OF REPORT

- 1.1 To advise Members of the current budgetary control position and the projected out-turn for the year for Social Work for the period ended 10 December 2006 (Period 9).

2. OVERALL POSITION

- 2.1 The following report relates to service costs and income directly controlled by the department and excludes rechargable costs for central service charges and debt charges.
- 2.2 The Social Work annual budget has been adjusted to take account of the fact that Onsite Services are no longer a trading operation and will not raise standard charges. This adjustment is subject to ongoing negotiation and will be finalised in the near future. In addition, the budget has been adjusted to reflect pay awards being settled at 2.5%, rather than the 3% originally provided, as well as additional Choose Life Suicide Prevention funding and Caring to Learn funding from the Scottish Executive. The budget also includes £1,850,000 additional non-recurring funding, allocated to Social Work as part of the 2006/07 revenue budget review, as well as £408,570 earmarked grant funding brought forward from 2005/06. The budget at Period 9 is therefore £46,006,280.

2.3 Projected Out-turn

Based on information provided by budget holders and senior management, it is currently projected that Social Work will out-turn by £37,676 above the revised annual estimate for the year.

The projected overspend represents a significant reduction from the Period 6 projected additional expenditure figure of £1,212,360 reported to the Social Work Committee on 2 November. This improved position reflects the additional £1,200,000 non-recurring funding allocated to Social Work to offset existing budget pressures in the current financial year, as part of the 2006/07 revenue budget review, which was approved at a meeting of the Special Policy and Resources Committee on 16th October.

The revenue budget review also included an allocation of £650,000 to Social Work to facilitate expenditure on a number of time-limited projects in the current financial year. The anticipated full cost of these projects is incorporated in the projected out-turn figure highlighted in this report.

This projected overspend is after the utilisation of recurring savings of £1,048,219, as well as non-recurring funding of £1,798,927. This funding comprises balances brought-forward from previous financial years of £863,394, as well as non-recurring savings in the current year of £935,533. Any further efficiency savings generated in the current financial year will be included in future reports to this Committee.

No significant savings from the ongoing review of older people's service provision are included in this report. Nonetheless, it is anticipated that from 2007/08, this review will result in a recurring full year annual cost reduction of approximately £1,000,000, in addition to a range of reinvestments and new investments in older people's services.

The non-recurring nature of a significant element of financial resources available is a matter of concern for future financial years and the Executive Director has provided assurance that he is currently working to address this.

The department continues to face significant challenges in addressing unmet need in terms of a continuing and growing demand for a range of statutory services. These include the current requirement for foster care placements through the independent sector, an increased demand for children and families services, including outwith authority residential placements and secure accommodation, as well as a shortfall in resources for care packages for clients with learning disabilities. Further demand for learning disabilities care packages is anticipated in the future, as well as a growing demand for home care services.

Work is ongoing to minimise the projected overspend position. It will be necessary to closely monitor and review the budget over the course of the financial year to ensure that all service pressures can be addressed

2.4 **Budget Performance to Period 9**

Actual expenditure to date amounts to £31,095,335 and represents 67.6% of the estimated expenditure for the year. Year-to-date variances have been analysed and are mainly attributable to timing of expenditure and receipt of income in advance of expenditure. Such timing variances should level out over the year, but where this is not the case reasons for the anticipated variances are highlighted in section 3 of this report.

2.5 Summary of Objective Costs

Actual Expend to 10 Dec 06 Period 9	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£92,406	74.3%	Regulation	£124,378	£129,891	£5,513
£1,723,569	56.1%	Performance & Development	£3,072,470	£2,973,510	(£98,960)
£7,673,316	72.5%	Children & Families	£10,588,007	£10,966,232	£378,225
(£107,334)	-106.1%	Criminal Justice	£101,123	£12,434	(£88,689)
£13,405,712	68.4%	Community Care - Fieldwork	£19,594,305	£19,489,197	(£105,108)
£4,207,687	57.8%	Community Care - Adults	£7,275,172	£7,329,398	£54,226
£2,835,896	84.6%	Community Care - Older	£3,351,296	£3,238,435	(£112,861)
£1,264,083	66.5%	Resource Support	£1,899,529	£1,904,859	£5,330
£31,095,335	67.6%		£46,006,280	£46,043,956	£37,676

2.6 Summary of Subjective Costs

Actual Expend to 10 Dec 06 Period 9	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£19,380,424	68.2%	Employee Costs	£28,427,850	£28,225,440	(£202,410)
£316,518	63.6%	Premises Costs	£497,870	£442,454	(£55,416)
£1,007,043	64.8%	Transport Related Costs	£1,552,904	£1,588,316	£35,412
£906,345	36.7%	Supplies & Services	£2,471,547	£2,393,155	(£78,392)
£17,278,994	62.3%	Third Party Payments	£27,737,083	£27,278,285	(£458,798)
£2,415,832	87.1%	Transfer Payments	£2,772,936	£3,371,948	£599,012
£41,305,156	65.1%	TOTAL EXPENDITURE	£63,460,190	£63,299,598	(£160,592)
(£10,209,821)	62.1%	Income	(£16,432,286)	(£16,392,248)	£40,038
£0	0.0%	Unallocated Efficiencies	(£1,021,624)	(£863,394)	£158,230
£31,095,335	67.6%	NET EXPENDITURE	£46,006,280	£46,043,956	£37,676

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £202,410 less than that budgeted for the year. This projection largely results from anticipated savings from unavoidable delays in filling posts which become vacant to the actual and anticipated date of filling in the year. These savings are partially offset by increased expenditure on Community Care Home Care services and costs incurred within children's residential units. The additional expenditure on Home Care services is largely offset by reduced expenditure on externally provided services, as highlighted within Third Party Payments.

3.2 **Premises Costs**

Based on current information, it is anticipated that expenditure on premises will out-turn by £55,416 less than budgeted for the year. This projected out-turn position is largely due to an anticipated reduction in water charges and general property expenses, partially offset by additional energy costs. This final issue will continue to be closely monitored over the winter period.

3.3 **Transport Related Costs**

It is anticipated that expenditure on transport related costs will out-turn by £35,412 greater than budgeted for the year. This projected out-turn is a significant improvement on the £195,167 projected additional expenditure highlighted in the Period 6 report to this Committee on 2 November. This projected out-turn position is largely due to additional car mileage and allowances costs, partially offset by less than budgeted client transportation costs of £79,000. This second issue is after taking account of £150,000 non-recurring funding allocated as part of the revenue budget review, as well as work undertaken within the department to minimise client transportation costs.

Car mileage and allowances costs are also being examined and will continue to be closely monitored for the remainder of the financial year.

3.4 **Supplies and Services**

The projected out-turn for the year highlights an anticipated saving of £78,392 and is mainly due to savings on equipment, stationary and communications costs across the service.

3.5 **Third Party Payments**

The projected out-turn highlights reduced expenditure of £458,798 for the year. This is largely due to reduced expenditure on externally provided Community Care services, including Home Care, Residential Care and Day Care. These savings are partially offset by additional expenditure on secure accommodation, outwith authority residential schools placements and home care and day care within Children and Families, as well as Care at Home and Day Care costs for Adults with Learning Disabilities and Mental Health difficulties within Community Care.

As at 10 December, two young people were held within secure accommodation. Taking these costs into account, as well as costs incurred for the year-to-date on other secure placements, this results in projected additional costs for the year of £168,480. As in previous financial years, this expenditure heading will require to be closely monitored, due to the uncontrollable nature of the budget. In addition, it is anticipated that Outwith Authority Residential Schools Placements costs will out-turn £206,793 over budget. These combined projected additional placement costs £375,273 are offset by £400,000 non-recurring funding, allocated to Social Work as part of the revenue budget review.

3.6 **Transfer Payments**

Based on current information, it is anticipated that transfer payments will out-turn by £599,012 greater than allocated resources for the year. This projected variance is mainly due to additional Direct Payments costs of £246,284 within Community Care, as well as increased expenditure of £734,000 on Foster Care, due to the necessity to utilise agency services, as well as additional payments to young people under the various Sections of the Social Work (Scotland) Act 1968. The projected additional Foster Care costs are partially offset by £400,000 non-recurring funding, allocated to Social Work as part of the revenue budget review.

3.7 **Income**

It is anticipated that budgeted income will be under-recovered for the year by £40,038. This is mainly due to reduced income from residents in older people's units, partly due to the ongoing review of these units and is partially offset by increased earmarked Criminal Justice grant income and Changing Children's Services Fund income, which in turn is offset by attributable expenditure.

The previous budgetary report to the Social Work Committee on 2 November highlighted a part-year reduction in income of £254,000 in respect of Free Personal Care charges for food preparation, further to updated guidance from the Scottish Executive. This projected income shortfall has been offset by £250,000 non-recurring funding, allocated to Social Work as part of the revenue budget review. The recurring full-year effect of this approved change is a reduction in income of approximately £450,000.

3.8 **Unallocated Efficiencies**

The projected out-turn highlights an unallocated efficiencies balance to be achieved of £158,230 for the year. The initial cumulative recurring efficiencies target for the year of £3,005,376 has been offset by recurring savings achieved in the current financial year of £1,048,219. In addition, non-recurring savings of £935,533 have been achieved from slippage in earmarked resources and unavoidable delays in filling vacant posts. Departmental balances brought-forward from previous years totalling £863,394 will be drawn-down and utilised on a non-recurring basis in the current year.

Work is being undertaken within the department to reduce this outstanding balance of efficiencies and offset additional expenditure arising from budget pressures highlighted in this report.

4. RECOMMENDATIONS

4.1 It is recommended that the Social Work Committee:

- (i) note the contents of this report.

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Executive Head of Finance

Graham Short
**Executive Director of Educational
and Social Services**

21 December 2006
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LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact:
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IMPLEMENTATION OFFICER: EUAN COUPERWHITE