

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE : 27 JANUARY 2005

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 12 DECEMBER 2004 (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 12 December 2004 (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 services charges and debt charges.
- 2.2 The Social Work annual budget at 1 April 2004, £37,764,360 has increased by £1,029,805 to £38,794,165 at Period 9. This is largely due to additional funding from the Scottish Executive to compensate for the removal of Residential Allowance and Part Three Accommodation Rate of Income Support from certain care home residents and additional Youth Justice / Anti-Social Behaviour resources.

2.3 Projected Out-turn

Based on all available information, it is currently projected that the Social Work Service will out-turn at £38,407,310, which is £386,855 less than the revised annual estimate for the year.

It is important to emphasise that this overall favourable outturn projection is due to timing of expenditure in the current year in relation to future unavoidable commitments. These include learning disability hospital discharges, mental health care packages and recurring revenue costs emanating from the ongoing refurbishment of the Council's older people's units, further to the Best Value review of this service.

In addition, savings in staffing costs are being achieved due to the current national shortage of qualified Social Work staff, as well as savings on secure accommodation costs in the current year. The unpredictable nature of these budget headings means that there is no guarantee that the same level of savings will be achievable in future financial years.

As in previous years, the Social Work budget has been re-aligned for the current financial year. This exercise is required due to historical budget pressures, as well as the need to achieve efficiency targets for the current year. It is important to note that this has been achieved partly through balances brought forward under the Council's three year budgeting arrangements, as well as identification of non-recurring savings. These include additional staff turnover from posts which cannot presently be recruited to, as well as savings from unavoidable delays in implementing new initiatives.

The non-recurring nature of this strategy gives cause for concern for future financial years and the Executive Director is currently working to address this.

Although the budget has been re-aligned for the current year, there are a number of efficiency measures which are still under review. In addition, 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, including community care, childcare and addiction services. It will be necessary to closely monitor and possibly review the re-aligned budget over the course of the financial year to ensure that all service pressures can be addressed.

A budget action plan is being prepared for 2005/06. It is anticipated that any surplus realised in the current financial year will be rolled-forward to provide flexibility, as the service seeks to finalise a number of service reviews

2.4 Budget Performance to Period 9

Actual expenditure to date amounts to £21,488,513 and represents 55.4% 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 if 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 12 Dec 04 Period 9	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£79,788	66.0%	Regulation	£120,836	£124,580	£3,744
£1,561,023	54.8%	Performance & Development	£2,849,972	£3,104,828	£254,856
£4,019,539	57.1%	Children & Families/Criminal Justice	£7,045,351	£7,453,270	£407,919
£14,536,867	54.1%	Community Care	£26,847,458	£25,739,820	(£1,107,638)
£1,291,296	66.9%	Resource Support	£1,930,548	£1,984,812	£54,264
£21,488,513	55.4%		£38,794,165	£38,407,310	(£386,855)

2.6 Summary of Subjective Costs

Actual Expend to 12 Dec 04 Period 9	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£15,938,821	65.3%	Employee Costs	£24,409,965	£24,293,549	(£116,416)
£463,096	53.8%	Premises Costs	£860,126	£837,276	(£22,850)
£762,052	64.3%	Transport Related Costs	£1,185,243	£1,223,134	£37,891
£1,641,516	45.7%	Supplies & Services	£3,591,812	£3,985,049	£393,237
£12,576,174	57.1%	Third Party Payments	£22,033,167	£21,734,113	(£299,054)
£1,323,461	67.5%	Transfer Payments	£1,960,820	£1,866,849	(£93,971)
£32,705,120	60.5%	TOTAL EXPENDITURE	£54,041,133	£53,939,970	(£101,163)
(£11,216,607)	73.6%	Income	(£15,246,968)	(£15,532,660)	(£285,692)
£21,488,513	55.4%	NET EXPENDITURE	£38,794,165	£38,407,310	(£386,855)

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £116,416 less than that budgeted for the year. This projection largely results from anticipated savings on vacant posts from April 2004 to the actual and anticipated date of filling in the year, partially offset by increased home care costs. This projected out-turn position reflects the current status of service efficiency reviews which are currently taking place within the service, including transport provision to voluntary groups.

3.2 Premises Costs

Based on current information, it is anticipated that expenditure on premises will out-turn by £22,850 less than the resource allocation for the year. This projected favourable out-turn position is mainly due to energy and water charges below budgeted levels. This will be closely monitored over the winter months, with any change to projected costs highlighted in future reports.

3.3 Transport Related Costs

It is anticipated that expenditure on transport related costs will out-turn by £37,891 greater than budgeted for the year. This is due to anticipated additional car mileage and allowances 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 is an overspend of £393,237, mainly arising from the fact that a service review of community meals provision is ongoing, as well as earmarked funding balances being carried forward to offset future commitments. These additional costs are partially offset by projected savings on miscellaneous supplies and services budgets across the service.

3.5 Third Party Payments

The projected out-turn is an underspend of £299,054 and is largely due to expenditure commitments not yet realised in respect of planned hospital discharges, as well as slippage in relation to resources allocated for additional care home running costs. These savings are partially offset by additional home care package costs in the year. As in other areas of the budget, there are also a number of efficiency measures which are still under review within this heading.

In addition, it is anticipated that a full-year saving of £72,870 on secure accommodation placement costs within Children and Families will be realised, This anticipated underspend partially offsets increased expenditure of £315,256 on children placed in residential schools outwith the authority. This figure comprises additional costs due to the increased volume of placements of £271,266 as well as price increases above inflation of £43,990. This area of the budget is unpredictable and will require to be closely monitored for the remainder of the financial year.

3.6 **Transfer Payments**

Based on current information, it is anticipated that transfer payments will out-turn by £93,971 less than allocated resources for the year. This projected variance is due to reduced expenditure on self-directed services, partially offset by additional home care package costs.

3.7 **Income**

It is anticipated that additional income of £285,692 will be recovered in the year. This is mainly due to non-recurring transitional housing benefit income, as well as higher than anticipated income from clients in residential care.

4. **RECOMMENDATIONS**

4.1 It is recommended that the Social Work Committee:

- (i) note the contents of this report.

Alex McPhee
Executive Head of Finance
13 January 2005
Enc (0)

John Mulgrew
Executive Director of Educational & Social Services

LIST OF BACKGROUND PAPERS

NIL

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