

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE: 26 JANUARY 2006

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 11 DECEMBER 2005 (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 11 December 2005 (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 at 1 April 2005, £40,472,500 has increased by £909,610 to £41,382,110 at Period 9. This is largely due to additional funding from the Scottish Executive totalling £326,400, as well as deferred grant income of £583,210 brought-forward from 2004/05, to offset the cost of earmarked initiatives in the current financial year.

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 on-line with the revised annual estimate for the year.

This projected break-even position has been achieved partly through utilisation of non-recurring funding in excess of £2m. This includes earmarked balances brought-forward from previous financial years, as well as non-recurring savings in the current year.

As in previous financial years, savings in staffing costs continue to be achieved due to the current national shortage of qualified Social Work staff. The unpredictable nature of this budget heading means that there is no guarantee that the same level of savings will be achievable in future financial years. In addition, one-off savings have been achieved from phased implementation of earmarked funding initiatives in the current year. These savings include slippage in relation to hospital discharge programmes and the Best Value review of older people's residential services to meet registration requirements. It is anticipated that these commitments will be realised in the next financial year.

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.

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. These include the current requirement for foster care placements through the independent sector, an increased demand for children and families services, resulting in higher risks in the community and a significant increase in persistent offenders. In addition, an anticipated future shortfall in resources for care packages for clients with learning disabilities has been identified, as well as a growing demand for home care services.

It will be necessary to closely monitor and review the re-aligned 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 £26,822,147 and represents 64.8% 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 11 Dec 05 Period 9 £	Actual as % of Annual Estimate		Revised Annual Estimate 2005-06 £	Projected Actual 2005 – 06 £	Variance (Favourable)/ Adverse £
£70,899	56.1%	Regulation	£126,456	£118,019	£(8,437)
£1,559,173	65.0%	Performance & Development	£2,399,698	£2,203,897	(£195,801)
£5,897,321	66.2%	Children & Families/Criminal Justice	£8,910,594	£9,125,340	£214,746
£17,966,736	64.3%	Community Care	£27,929,106	£28,016,423	£87,317
£1,328,018	65.9%	Resource Support	£2,016,256	£1,918,431	(£97,825)
£26,822,147	64.8%		£41,382,110	£41,382,110	£0

2.6 Summary of Subjective Costs

Actual Expend to 11 Dec 05 Period 9 £	Actual as % of Annual Estimate		Revised Annual Estimate 2005-06 £	Projected Actual 2005 – 06 £	Variance (Favourable)/ Adverse £
£17,720,091	69.8%	Employee Costs	£25,404,724	£25,224,223	(£180,501)
£556,135	64.9%	Premises Costs	£856,448	£792,024	(£64,424)
£802,699	63.7%	Transport Related Costs	£1,260,994	£1,301,070	£40,076
£1,458,980	42.4%	Supplies & Services	£3,440,929	£3,315,528	(£125,401)
£13,858,561	59.6%	Third Party Payments	£23,257,937	£23,314,037	£56,100
£2,090,487	83.9%	Transfer Payments	£2,490,571	£2,846,667	£356,096
£36,486,953	64.3%	TOTAL EXPENDITURE	£ 56,711,603	£56,793,549	£81,946
(£9,664,806)	63.0%	Income	(£15,329,493)	(£15,411,439)	(£81,946)
£26,822,147	64.8%	NET EXPENDITURE	£41,382,110	£41,382,110	£0

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £180,501 less than that budgeted for the year. This projection largely results from anticipated savings on vacant posts from April 2005 to the actual and anticipated date of filling in the year, partially offset by increased home care costs.

3.2 Premises Costs

Based on current information, it is anticipated that expenditure on premises will out-turn by £64,424 less than budgeted for the year. This projected out-turn position is largely due to reduced cleaning and general repairs costs, partially offset by additional non-domestic rates costs in the year.

3.3 Transport Related Costs

It is anticipated that expenditure on transport related costs will out-turn by £40,076 greater than budgeted for the year. This is largely 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 highlights reduced expenditure of £125,401. This is mainly due to less than budgeted expenditure on catering costs, communications costs and miscellaneous supplies and services. This projection is partially offset by Changing Children's Services Fund expenditure of £133,428 to offset income brought-forward from the previous financial year.

3.5 Third Party Payments

The projected out-turn highlights additional expenditure of £56,100 for the year. This is largely due to additional home care package costs, residential placements costs and outwith residential schools placement costs. These additional costs are partially offset by slippage in resources allocated for earmarked initiatives in the current financial year, including hospital retraction.

It is anticipated that a full-year saving of £36,572 on secure accommodation placement costs will be realised. Members will be aware of the unpredictable nature of this budget. This projected saving is after a budget transfer of £134,406 to offset the unfunded element of the Intensive Support Unit at Montgomery Place in the current financial year and partially offsets increased expenditure of £245,917 on children placed in residential schools outwith the authority.

3.6 **Transfer Payments**

Based on current information, it is anticipated that transfer payments will out-turn by £356,096 greater than allocated resources for the year. This projected variance is mainly due to increased expenditure of £359,864 on foster care, due to the necessity to utilise agency services. This additional fostering expenditure is partially offset by savings in employee costs, pending the finalisation of the Best Value Review of Looked After and Accommodated Children and in Direct Payments within both the adult and child care sectors.

3.7 **Income**

It is anticipated that budgeted income will be over-recovered for the year by £81,946. This is mainly due to Changing Children's Services Fund income brought-forward from the previous financial year, as well as additional income to offset the cost of Criminal Justice services in the current financial year. This additional income is partially offset by reduced income from residents.

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

John Mulgrew
Executive Director of Educational
and Social Services

11 January 2006
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LIST OF BACKGROUND PAPERS

NIL

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