

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE : 24 MARCH 2005

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 6 FEBRUARY 2005 (PERIOD 11)

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 6 February 2005 (Period 11).

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 £38,794,170 at Period 11. 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 £38,309,425, which is £484,745 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 funding allocated to meet required standards in the Council's older people's units. It should be noted that these budgets will be utilised in full in future financial years as hospital discharges are completed and care packages put in place.

In addition, savings in staffing costs continue to be 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.

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

As in previous financial years, the Social Work budget has been re-aligned for the current year, however 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 has been 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.

A budget action plan is being prepared for 2005/06, taking account of the future commitments highlighted in this report. It is anticipated that the underspend 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 11**

Actual expenditure to date amounts to £27,031,904 and represents 69.7% 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 6 Feb 05 Period 11	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£97,470	80.7%	Regulation	£120,836	£123,920	£3,084
£1,981,782	70.0%	Performance & Development	£2,832,210	£3,023,706	£191,496
£5,060,155	71.8%	Children & Families/Criminal Justice	£7,045,351	£6,974,064	(£71,287)
£18,333,101	68.2%	Community Care	£26,865,225	£26,196,393	(£668,832)
£1,559,396	80.8%	Resource Support	£1,930,548	£1,991,342	£60,794
£27,031,904	69.7%		£38,794,170	£38,309,425	(£484,745)

2.6 Summary of Subjective Costs

Actual Expend to 6 Feb 05 Period 11	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£20,215,498	83.4%	Employee Costs	£24,247,732	£24,151,890	(£95,842)
£575,616	69.1%	Premises Costs	£833,126	£833,126	£0
£902,778	74.2%	Transport Related Costs	£1,217,243	£1,242,749	£25,506
£1,387,872	38.7%	Supplies & Services	£3,588,312	£3,708,133	£119,821
£16,495,872	74.0%	Third Party Payments	£22,296,256	£21,930,684	(£365,572)
£1,629,109	83.1%	Transfer Payments	£1,960,820	£1,905,464	(£55,356)
£41,206,745	76.1%	TOTAL EXPENDITURE	£54,143,489	£53,772,046	(£371,443)
(£14,174,841)	92.3%	Income	(£15,349,319)	(£15,462,621)	(£113,302)
£27,031,904	69.7%	NET EXPENDITURE	£38,794,170	£38,309,425	(£484,745)

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £95,842 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 on line with the resource allocation for the year. This projected out-turn position includes additional expenditure on cleaning and property rental costs, offset by energy and water charges below budgeted levels. This is being closely monitored over the winter months.

3.3 Transport Related Costs

It is anticipated that expenditure on transport related costs will out-turn by £25,506 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 is an overspend of £119,821, mainly arising from the fact that changes to community meals provision are still being progressed following the service review, as well as earmarked funding balances being carried forward to offset future commitments. These additional costs are partially offset by projected savings on equipment costs, catering costs and miscellaneous supplies and services budgets across the service.

3.5 Third Party Payments

The projected out-turn is an underspend of £365,572 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. The projected out-turn includes a provision for unavoidable commitments from 2005/06 onwards in relation to hospital discharges and to fulfil obligations in relation to home care package costs. 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 £208,358 on secure accommodation placement costs will be realised. Members will be aware of the unpredictable nature of this budget. This projected underspend partially offsets increased expenditure of £267,242 on children placed in residential schools outwith the authority. This figure comprises additional costs due to the increased volume of placements of £229,828 as well as price increases above inflation of £37,414. These projections reflect a reduction in placement costs since the previous report to this Committee, however this area of the budget is largely uncontrollable 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 £55,356 less than allocated resources for the year. This projected variance is mainly due to reduced expenditure on self-directed services across various client groups.

3.7 **Income**

It is anticipated that additional income of £113,302 will be recovered in the year and is mainly due to non-recurring transitional housing benefit income, as well as higher than anticipated income from clients in residential care. This additional income is partially offset by reduced income from home care charges. In addition, a reduction in income from recharges to HMP Kilmarnock and the Ayrshire Criminal Justice Partnership Board is anticipated. This reduced recharges income is wholly offset by reduced expenditure in the current year.

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**

16 March 2005
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LIST OF BACKGROUND PAPERS
NIL

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