

## EAST AYRSHIRE COUNCIL

### SOCIAL WORK COMMITTEE: 23 MARCH 2006

#### BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 5 FEBRUARY 2006 (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 5 February 2006 (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 service charges and debt charges.
- 2.2 The Social Work annual budget at 1 April 2005, £40,472,500 has increased by £961,610 to £41,434,110 at Period 11. This is largely due to additional funding from the Scottish Executive totalling £378,400, 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 Workers. 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 the 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 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 11**

Actual expenditure to date amounts to £33,433,899 and represents 80.7% 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 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 5 Feb 06 Period 11 | Actual as % of Annual Estimate |                                      | Revised Annual Estimate 2005-06 | Projected Actual 2005-06 | Variance (Favourable)/ Adverse |
|-------------------------------------|--------------------------------|--------------------------------------|---------------------------------|--------------------------|--------------------------------|
| £                                   |                                |                                      | £                               | £                        | £                              |
| £68,518                             | 55.0%                          | Regulation                           | £124,575                        | £109,974                 | (£14,601)                      |
| £1,896,812                          | 79.0%                          | Performance & Development            | £2,401,579                      | £2,208,298               | (£193,281)                     |
| £6,952,727                          | 74.6%                          | Children & Families/Criminal Justice | £9,322,096                      | £9,657,844               | £335,748                       |
| £22,884,229                         | 82.8%                          | Community Care                       | £27,637,570                     | £27,561,567              | (£76,003)                      |
| £1,631,613                          | 83.7%                          | Resource Support                     | £1,948,290                      | £1,896,427               | (£51,863)                      |
| <b>£33,433,899</b>                  | <b>80.7%</b>                   |                                      | <b>£41,434,110</b>              | <b>£41,434,110</b>       | <b>£0</b>                      |

## 2.6 Summary of Subjective Costs

| Actual Expend to 5 Feb 06 Period 11 | Actual as % of Annual Estimate |                          | Revised Annual Estimate 2005-06 | Projected Actual 2005-06 | Variance (Favourable)/ Adverse |
|-------------------------------------|--------------------------------|--------------------------|---------------------------------|--------------------------|--------------------------------|
| £                                   |                                |                          | £                               | £                        | £                              |
| £21,831,495                         | 84.8%                          | Employee Costs           | £25,742,716                     | £25,574,295              | (£168,421)                     |
| £629,293                            | 73.6%                          | Premises Costs           | £854,992                        | £748,410                 | (£106,582)                     |
| £991,549                            | 77.8%                          | Transport Related Costs  | £1,274,004                      | £1,287,751               | £13,747                        |
| £1,798,348                          | 53.9%                          | Supplies & Services      | £3,338,879                      | £3,537,662               | £198,783                       |
| £17,009,513                         | 73.9%                          | Third Party Payments     | £23,002,686                     | £22,692,697              | (£309,989)                     |
| £2,484,533                          | 99.8%                          | Transfer Payments        | £2,490,571                      | £2,946,971               | £456,400                       |
| <b>£44,744,731</b>                  | <b>78.9%</b>                   | <b>TOTAL EXPENDITURE</b> | <b>£56,703,848</b>              | <b>£56,787,786</b>       | <b>£83,938</b>                 |
| (£11,310,832)                       | 74.1%                          | Income                   | (£15,269,738)                   | (£15,353,676)            | (£83,938)                      |
| <b>£33,433,899</b>                  | <b>80.7%</b>                   | <b>NET EXPENDITURE</b>   | <b>£41,434,110</b>              | <b>£41,434,110</b>       | <b>£0</b>                      |

## 3. ANALYSIS OF VARIANCES

### 3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £168,421 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 £106,532 less than budgeted for the year. This projected out-turn position is largely due to reduced cleaning and miscellaneous property 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 £13,747 greater than budgeted for the year. This is largely due to anticipated additional vehicle repairs and maintenance costs and fuel costs in the year. Previous reports highlighted projected additional car mileage and allowances costs however latest projections indicate that as a consequence of management actions this has now been brought back into line. This improved position will continue to be closely monitored.

### 3.4 **Supplies and Services**

The projected out-turn for the year highlights additional expenditure of £198,783. This is largely due to Changing Children's Services Fund expenditure of £133,428 to offset income brought-forward from the previous financial year, as well as additional expenditure on clients within Children and Families services, including costs associated with the revised taxi contract. Detailed analysis of this expenditure is being undertaken to determine how this projected variance can be addressed. These additional costs are partially offset by anticipated savings on catering costs and miscellaneous supplies and services.

### 3.5 **Third Party Payments**

The projected out-turn highlights reduced expenditure of £309,989 for the year. This is largely due to slippage in resources allocated for earmarked initiatives in the current financial year and is partially offset by additional home care package costs, residential placements costs, secure accommodation costs and outwith residential schools placement costs.

Since the previous report to this Committee, it has been necessary to increase placements within secure accommodation from one young person to three. This results in projected additional expenditure over budget of £15,993 and serves to highlight the unpredictable nature of this budget. This projected variance 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. In addition, expenditure over budget of £251,202 on children placed in residential schools outwith the authority is also anticipated in the current year.

### 3.6 **Transfer Payments**

Based on current information, it is anticipated that transfer payments will out-turn by £456,400 greater than allocated resources for the year. This projected variance is mainly due to increased expenditure of £367,966 on foster care, due to the necessity to utilise agency services, as well as additional payments to young people under various Sections of the Social Work (Scotland) Act 1968. This additional fostering expenditure is partially offset by part-year savings in employee costs, pending the finalisation of the Best Value Review of Looked After and Accommodated Children.

### 3.7 **Income**

It is anticipated that budgeted income will be over-recovered for the year by £83,938. 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**

28 February 2006  
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#### **LIST OF BACKGROUND PAPERS**

NIL

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