

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE: 22 MARCH 2007

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 4 FEBRUARY 2007 (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 4 February 2007 (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 has been adjusted to take account of the fact that Onsite Services are no longer a trading operation and will not raise standard charges. 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, Caring to Learn funding and funding to support front-line children's services, all allocated on a non-recurring basis 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 11 is therefore £46,579,050.

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 £9,929 less than the revised annual estimate for the year.

This projected underspend 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 2006.

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 £1,051,772, as well as non-recurring funding of £1,481,415. This funding comprises balances brought-forward from previous financial years of £472,189, as well as non-recurring savings in the current year of £1,481,415. Any further efficiency savings generated in the current financial year will be included in future reports to this Committee.

The report includes part-year savings from the ongoing review of older people's service provision. 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.

It will be necessary to closely monitor and review the budget over the remainder 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 £39,718,246 and represents 85.3% 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 4 Feb 07 Period 11	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£101,710	81.8%	Regulation	£124,378	£120,118	(£4,260)
£1,939,591	63.1%	Performance & Development	£3,072,470	£2,981,050	(£91,420)
£9,036,160	83.2%	Children & Families	£10,855,579	£11,057,783	£202,204
(£13,521)	-23.7%	Criminal Justice	£56,935	£16,958	(£39,977)
£16,772,398	86.2%	Community Care - Fieldwork	£19,464,906	£19,621,409	£156,503
£6,412,447	89.0%	Community Care - Adults	£7,207,933	£7,371,799	£163,866
£3,927,266	101.7%	Community Care - Older	£3,861,931	£3,474,536	(£387,395)
£1,542,195	79.7%	Resource Support	£1,934,918	£1,925,468	(£9,450)
£39,718,246	85.3%		£46,579,050	£46,569,121	(£9,929)

2.6 Summary of Subjective Costs

Actual Expend to 4 Feb 07 Period 11	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£23,761,412	83.8%	Employee Costs	£28,357,191	£28,169,892	(£187,299)
£460,267	73.6%	Premises Costs	£625,754	£585,341	(£40,413)
£1,187,612	76.6%	Transport Related Costs	£1,550,063	£1,465,051	(£85,012)
£1,178,618	42.6%	Supplies & Services	£2,766,373	£2,667,484	(£98,889)
£21,938,407	79.5%	Third Party Payments	£27,589,482	£27,563,945	(£25,537)
£2,872,787	103.6%	Transfer Payments	£2,772,030	£3,294,344	£522,314
£51,399,103	80.7%	TOTAL EXPENDITURE	£63,660,893	£63,746,057	£85,164
(£11,680,857)	70.3%	Income	(£16,609,654)	(£16,704,747)	(£95,093)
£0	0.0%	Unallocated Efficiencies	(£472,189)	(£472,189)	£0
£39,718,246	85.3%	NET EXPENDITURE	£46,579,050	£46,569,121	(£9,929)

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £187,299 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. This projection also includes part-year savings from the ongoing review of older people's services. 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 £40,413 less than budgeted for the year. This projected out-turn position is largely due to an anticipated reduction in general property expenses, as well as a part-year reduction in cleaning costs from the ongoing review of older people's services. These savings are partially offset by additional energy costs.

3.3 **Transport Related Costs**

It is anticipated that expenditure on transport related costs will out-turn by £85,012 less than budgeted for the year. This projected out-turn position is largely due to less than budgeted client transportation costs of £123,655. This 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. This projected saving is partially offset by additional car mileage and allowances costs.

3.4 **Supplies and Services**

The projected out-turn for the year highlights an anticipated saving of £98,889 and is mainly due to savings on equipment and stationary costs across the service, as well as a part-year reduction in catering costs from the ongoing review of older people's services.

3.5 **Third Party Payments**

The projected out-turn highlights reduced expenditure of £25,537 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 largely 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 problems within Community Care.

As at 4 February, 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 £246,503. As in previous financial years, this expenditure heading continues 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 £240,112 over budget. These combined projected additional placement costs £486,615 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 £522,314 greater than allocated resources for the year. This projected variance is mainly due to additional Direct Payments costs of £252,863 within Community Care, as well as increased expenditure of £712,465 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 over-recovered for the year by £95,093. This is mainly due to additional income from NHS Ayrshire and Arran, increased earmarked Criminal Justice Grant income and Changing Children's Services Fund income, all of which are offset by attributable expenditure. This additional income is partially offset by reduced income from residents in older people's units, mainly due to the ongoing review of older people's services.

The reports to the previous two Social Work Committees 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 that all outstanding efficiencies have been achieved in the current financial 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 £1,051,772. In addition, non-recurring savings of £1,481,415 have been achieved from slippage in earmarked resources and unavoidable delays in filling vacant posts. Departmental balances brought-forward from previous years totalling £472,189 will be drawn-down and utilised on a non-recurring basis 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

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

28 February 2007
Enc (0)

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact:
Alex McPhee, Financial Services Manager, Tel: (01563) 576848.

IMPLEMENTATION OFFICER: EUAN COUPERWHITE