

## EAST AYRSHIRE COUNCIL

### SOCIAL WORK COMMITTEE : 3 NOVEMBER 2005

### BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 18 SEPTEMBER 2005 (PERIOD 6)

#### 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 18 September 2005 (Period 6).

#### 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 2005, £40,472,500 has increased by £166,400 to £40,638,900 at Period 6. This is largely due to additional foster care funding and Choose Life funding from the Scottish Executive.

#### 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 requirement for foster care placements through the independent sector, an increased demand for children and families services, resulting in a higher risk 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 6

Actual expenditure to date amounts to £15,551,405 and represents 38.3% 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 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 18 Sep 05 Period 6	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£45,343	35.9%	Regulation	£126,456	£118,091	(£8,365)
£548,028	24.6%	Performance & Development	£2,224,995	£2,059,460	(£165,535)
£3,888,176	44.9%	Children & Families/Criminal Justice	£8,654,647	£8,928,517	£273,870
£10,148,611	36.7%	Community Care	£27,616,545	£27,608,567	(£7,978)
£921,247	45.7%	Resource Support	£2,016,257	£1,924,265	(£91,992)
<b>£15,551,405</b>	<b>38.3%</b>		<b>£40,638,900</b>	<b>£40,638,900</b>	<b>£0</b>

## 2.6 Summary of Subjective Costs

Actual Expend to 18 Sep 05 Period 6	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£11,703,336	46.0%	Employee Costs	£25,445,727	£25,248,244	(£197,483)
£399,248	46.2%	Premises Costs	£864,784	£873,695	£8,911
£524,414	41.8%	Transport Related Costs	£1,255,829	£1,303,080	£47,251
£982,107	28.3%	Supplies & Services	£3,468,472	£3,602,978	£134,506
£8,455,370	38.1%	Third Party Payments	£22,191,876	£22,148,744	(£43,132)
£1,390,648	55.8%	Transfer Payments	£2,490,571	£2,686,503	£195,932
<b>£23,455,123</b>	<b>42.1%</b>	<b>TOTAL EXPENDITURE</b>	<b>£55,717,259</b>	<b>£55,863,244</b>	<b>£145,985</b>
(£7,903,718)	52.4%	Income	(£15,078,359)	(£15,224,344)	(£145,985)
<b>£15,551,405</b>	<b>38.3%</b>	<b>NET EXPENDITURE</b>	<b>£40,638,900</b>	<b>£40,638,900</b>	<b>£0</b>

### **3. ANALYSIS OF VARIANCES**

#### **3.1 Employee Costs**

Current projections indicate that expenditure on employee costs will be £197,483 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 £8,911 greater than budgeted for the year. This projected out-turn position is largely due to additional rates and water charges in the year.

#### **3.3 Transport Related Costs**

It is anticipated that expenditure on transport related costs will out-turn by £47,251 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 additional expenditure of £134,506. This projection includes additional Changing Children's Services Fund expenditure of £133,428 to offset income brought-forward, as well as increased equipment and postages costs. This additional expenditure is partially offset by savings on catering costs and communications costs.

#### **3.5 Third Party Payments**

The projected out-turn is an underspend of £43,132 and is largely due to slippage in resources allocated for earmarked initiatives in the current financial year, including hospital retraction. These savings are partially offset by additional home care package costs, residential placements costs and outwith residential schools placement costs.

It is anticipated that a full-year additional cost of £45,948 on secure accommodation placement costs will be incurred. Members will be aware of the unpredictable nature of this budget. This additional expenditure 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. This projected cost is additional to increased expenditure of £210,666 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 £195,932 greater than allocated resources for the year. This projected variance is mainly due to increased expenditure on foster care, due to the necessity to utilise agency services. This additional expenditure is partially offset by savings in employee costs, pending the finalisation of the Best Value Review of Looked After and Accommodated Children, as well as anticipated savings in self-directed services within the adult care sector.

#### **3.7 Income**

It is anticipated that additional income of £145,985 will be recovered in the year and 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 and increased income from home care charges.

#### **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 October 2005  
Enc (0)

#### **LIST OF BACKGROUND PAPERS**

NIL

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