

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE: 2 NOVEMBER 2006

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 17 SEPTEMBER 2006 (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 17 September 2006 (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 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. This adjustment is subject to ongoing negotiation and will be finalised in the near future. 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 suicide prevention funding from the Scottish Executive. The budget at Period 6 is therefore £43,756,710.

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 £1,212,360 above the revised annual estimate for the year.

The projected overspend represents an adverse swing of £255,569 from the Period 4 projection reported to the Social Work Committee on 7th September and is mainly due additional foster care placements through the independent sector and increased outwith authority residential schools placements.

This projected overspend is after the utilisation of recurring savings of £1,004,884, as well as non-recurring funding of £1,631,882. This funding comprises balances brought-forward from previous financial years of £863,394, as well as non-recurring savings in the current year of £768,488.

No projected savings from the ongoing review of older people's service provision are included in this report. Nonetheless, it is anticipated that 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.

Any efficiencies generated in the current financial year will be included in future reports to this Committee.

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 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. 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.

Work is ongoing to minimise the projected overspend position. It will be necessary to closely monitor and review the 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 £21,744,462 and represents 49.7% 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 17 Sep 06 Period 6	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£61,487	49.4%	Regulation	£124,378	£126,649	£2,271
£1,157,829	44.8%	Performance & Development	£2,587,023	£2,591,846	£4,823
£4,889,526	57.4%	Children & Families	£8,521,122	£10,316,959	£1,795,837
£334,881	45.0%	Criminal Justice	£744,592	£814,045	£69,453
£9,228,668	47.7%	Community Care - Fieldwork	£19,342,026	£19,137,164	(£204,862)
£3,061,714	41.4%	Community Care - Adults	£7,398,671	£6,933,515	(£465,156)
£2,227,269	71.0%	Community Care - Older	£3,136,260	£3,145,283	£9,023
£783,088	41.2%	Resource Support	£1,902,638	£1,903,609	£971
£21,744,462	49.7%		£43,756,710	£44,969,070	£1,212,360

2.6 Summary of Subjective Costs

Actual Expend to 17 Sep 06 Period 6	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£12,781,378	45.4%	Employee Costs	£28,180,635	£28,121,996	(£58,639)
£222,904	54.7%	Premises Costs	£407,378	£391,414	(£15,964)
£628,601	44.8%	Transport Related Costs	£1,403,153	£1,598,320	£195,167
£573,067	25.6%	Supplies & Services	£2,242,113	£2,230,282	(£11,831)
£10,007,980	37.9%	Third Party Payments	£26,377,639	£25,949,246	(£428,393)
£1,584,367	62.1%	Transfer Payments	£2,550,735	£3,347,879	£797,144
£25,798,297	42.2%	TOTAL EXPENDITURE	£61,161,653	£61,639,137	£477,484
(£4,053,835)	25.1%	Income	(£16,172,939)	(£15,806,673)	£366,266
£0	0.0%	Unallocated Efficiencies	(£1,232,004)	(£863,394)	£368,610
£21,744,462	49.7%	NET EXPENDITURE	£43,756,710	£44,969,070	£1,212,360

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £58,639 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. These savings are partially offset by increased expenditure in home care services and costs incurred within children's residential units. The additional expenditure in home care services is 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 £15,964 less than budgeted for the year. This projected out-turn position is largely due to an anticipated reduction in general property expenses within Community Care.

3.3 Transport Related Costs

It is anticipated that expenditure on transport related costs will out-turn by £195,167 greater than budgeted for the year. This is largely due to anticipated additional client transportation costs of £87,700, as well as projected additional car mileage and allowances costs.

The previous budgetary report to this Committee highlighted that work is ongoing within the department to minimise client transportation costs for the remainder of the financial year, including all current services being reviewed on an individual basis. The projected variance of £87,700 represents a significant improvement on the Period 4 projected overspend of £195,924 and is a direct consequence of the management action which has been undertaken.

Car mileage and allowances costs are also being examined 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 an anticipated saving of £11,452 and is mainly due to savings on miscellaneous supplies and services across the service.

3.5 **Third Party Payments**

The projected out-turn highlights reduced expenditure of £428,393 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 partially offset by additional expenditure on secure accommodation, outwith authority residential school placements within Children and Families and care at home and day care costs for adults with learning disabilities.

At present, three young people are placed within secure accommodation, resulting in projected additional costs for the year of £246,503. As in previous financial years, this expenditure heading will require to be closely monitored, due to the uncontrollable nature of the budget.

The previous budgetary report to this Committee highlighted the review of all outwith residential schools placements which was undertaken with anticipated additional costs of £140,651 as at Period 4. This budget variance has increased by £106,867 to £247,518, due to the requirement to place additional young people within this care setting. The final out-turn variance for outwith authority placements for 2005/06 was £212,827. This projected variance may increase further, due to potential additional placements presently under review and any further changes will be highlighted in future reports.

3.6 **Transfer Payments**

Based on current information, it is anticipated that transfer payments will out-turn by £797,144 greater than allocated resources for the year. This projected variance is mainly due to increased expenditure of £723,349 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. This projected out-turn projection for foster care highlights an adverse swing of £333,349 since Period 4 and is due to the requirement to place an additional seven children within independent sector placements, as well as a review of the required duration of care for ten existing placements.

3.7 **Income**

It is anticipated that budgeted income will be under-recovered for the year by £366,266. This is mainly due to a part-year reduction in income of £254,000 in respect of Free Personal Care charges for food preparation. The recurring full-year effect of this approved change is a reduction in income of approximately £450,000. This projected under-recovery of income also includes reduced income from charges to residents and less than budgeted income from NHS Ayrshire and Arran

in respect of child respite services. This final issue is subject to ongoing negotiations.

3.8 Unallocated Efficiencies

The projected out-turn highlights an unallocated efficiencies balance to be achieved of £368,610 for the 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 £1,004,884. In addition, non-recurring savings of £768,488 have been achieved from slippage in earmarked resources and unavoidable delays in filling vacant posts. Departmental balances brought-forward from previous years totalling £863,394 will be drawn-down and utilised on a non-recurring basis in the current year.

Work is being undertaken within the department to reduce this outstanding balance of efficiencies and offset additional expenditure arising from budget pressures highlighted in this report.

4. RECOMMENDATIONS

4.1 It is recommended that the Social Work Committee:

- (i) note the contents of this report.

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Executive Head of Finance

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

12 October 2006
Enc (0)

LIST OF BACKGROUND PAPERS NIL

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