

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE : 9 SEPTEMBER 2004

BUDGETARY PROGRESS REPORT SOCIAL WORK TO 25 JULY 2004 (PERIOD 4)

Joint Report by Executive Head of Finance and 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 25 July 2004 (Period 4).

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 £705,020 to £38,469,380 at Period 4. This is largely due to additional funding from the Scottish Executive of £665,410 to compensate for the removal of Residential Allowance and Part Three Accommodation Rate of Income Support from certain care home residents.
- 2.3 Projected Out-turn

Based on all available information, it is currently projected that the Social Work Service will out-turn at £38,469,380, which is on-line with the revised annual estimate for the year.

As in previous years, the Social Work budget has been re-aligned for the current financial year. This exercise is required due to historical budget pressures, as well as the efficiency target allocated as part of the budget-setting process for the current year. It is important to note that this has been achieved partly through balances brought forward under the Council's three year budgeting arrangements, as well as identification of non-recurring savings. These include additional staff turnover from posts which cannot presently be recruited to, as well as savings from unavoidable delays in implementing new initiatives.

The non-recurring nature of this strategy gives cause for concern for future financial years.

The projected break-even figure includes an anticipated underspend on the secure accommodation budget within Children and Families. This budget is unpredictable and will be closely monitored for the remainder of the financial year.

Although the budget has been re-aligned for the current year, 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 will be necessary to closely monitor and possibly 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 4

Actual expenditure to date amounts to £7,487,731 and represents 19.5% 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 25 Jul 04 Period 4	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£38,705	30.8%	Regulation	£125,530	£132,282	£6,752
£740,776	29.5%	Performance & Development	£2,512,416	£2,727,713	£215,297
£1,114,561	16.1%	Children & Families/Criminal Justice	£6,906,007	£6,752,802	(£153,205)
£5,010,557	18.5%	Community Care	£27,015,192	£26,786,910	(£228,282)
£583,132	30.5%	Resource Support	£1,910,235	£2,069,673	£159,438
£7,487,731	19.5%		£38,469,380	£38,469,380	£0

2.6 Summary of Subjective Costs

Actual Expend to 25 Jul 04 Period 4	Actual as % of Annual Estimate		Revised Annual Estimate 2004-05	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
£6,942,396	29.2%	Employee Costs	£23,776,509	£23,508,828	(£267,681)
£224,490	26.5%	Premises Costs	£848,405	£848,405	£0
£270,595	22.7%	Transport Related Costs	£1,189,741	£1,221,060	£31,319
£553,116	16.8%	Supplies & Services	£3,290,408	£3,678,567	£388,159
£4,478,766	19.9%	Third Party Payments	£22,503,839	£22,352,042	(£151,797)
£603,693	30.8%	Transfer Payments	£1,960,820	£1,960,820	£0
£13,073,056	24.4%	TOTAL EXPENDITURE	£53,569,722	£53,569,722	£0
(£5,585,325)	37.0%	Income	(£15,100,342)	(£15,100,342)	£0
£7,487,731	19.5%	NET EXPENDITURE	£38,469,380	£38,469,380	£0

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £267,681 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. This projected out-turn position reflects the current status of service efficiency reviews, including transport provision for community and voluntary groups, which is outlined in a separate report to this Committee and which, if approved, may result in reduced costs.

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.

3.3 Transport Related Costs

It is anticipated that expenditure on transport related costs will out-turn by £31,319 greater than budgeted for the year. This is due to anticipated additional car mileage and allowances and will 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 £388,159, mainly arising from the fact that a service review of community meals provision had been anticipated and is outlined in a separate report to this Committee. If members approve the outcomes of the review there may be some cost reduction in the current year but the full year effect will only be realised in the next financial year.

Additional costs are also anticipated in respect of recruitment advertising, reflecting the present difficulty in recruiting suitably qualified and experienced staff to fill key posts. Improved control procedures in respect of recruitment advertising have been established and future reports will highlight any consequential amendment to the projected overspend for the year.

3.5 Third Party Payments

The projected out-turn is an underspend of £151,797 and is largely due to the allocation to this heading of the departmental surplus brought-forward from 2003/04. As in other areas of the budget, there are a number of efficiency measures which are still under review within this heading.

In addition, it is anticipated that a full-year saving of £188,566 on secure accommodation placement costs within Children and Families will be realised. This anticipated underspend partially offsets increased expenditure of £279,939 on children placed in residential schools outwith the authority. This figure comprises additional costs due to the increased volume of placements of £230,031, as well as price increases above inflation of £49,908. As highlighted in section 2.3 of this report, this area of the budget is unpredictable 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 on-line with budget for the year.

3.7 **Income**

Based on current information, it is anticipated that income will be recovered on-line with budget for the year.

4. **RECOMMENDATIONS**

- 4.1 It is recommended that the Social Work Committee note the contents of this report.

Alex McPhee
Executive Head of Finance

John Mulgrew
**Executive Director of Educational
and Social Services**

23 August 2004
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LIST OF BACKGROUND PAPERS

NIL

For further information please contact:
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IMPLEMENTATION OFFICER: EUAN COUPERWHITE