

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE : 8 SEPTEMBER 2005

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 24 JULY 2005 (PERIOD 4)

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 24 July 2005 (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 2005, £40,472,500 has increased by £166,400 to £40,638,900 at Period 4. 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, as well as savings on secure accommodation costs in the current year. The unpredictable nature of these budget headings 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 young 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 4**

Actual expenditure to date amounts to £8,523,480 and represents 21% 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**

| Expend to 24 Jul 05 Period 4 | as % of Annual Estimate | | Annual Estimate 2004-05 | Projected Actual 2004-05 | Variance (Favourable)/ Adverse |
|------------------------------------|-------------------------------|---|-------------------------------|--------------------------------|--------------------------------------|
| £ | | | £ | £ | £ |
| £29,900 | 23.6% | Regulation | £126,456 | £120,257 | (£6,199) |
| £215,248 | 9.7% | Performance & Development | £2,224,995 | £2,146,589 | (£78,406) |
| £2,262,057 | 26.1% | Children & Families/Criminal Justice | £8,654,647 | £8,661,581 | £6,934 |
| £5,386,738 | 19.5% | Community Care | £27,632,545 | £27,771,350 | £138,805 |
| £629,537 | 31.5% | Resource Support | £2,000,257 | £1,939,123 | (£61,134) |
| £8,523,480 | 21.0% | | £40,638,900 | £40,638,900 | £0 |

2.6 **Summary of Subjective Costs**

| Actual Expend to 24 Jul 05 Period 4 | Actual as % of Annual Estimate | | Revised Annual Estimate 2004-05 | Projected Actual 2004-05 | Variance (Favourable)/ Adverse |
|-------------------------------------|--------------------------------|--------------------------|---------------------------------|--------------------------|--------------------------------|
| £ | | | £ | £ | £ |
| £7,853,266 | 30.9% | Employee Costs | £25,445,727 | £25,192,173 | (£253,554) |
| £259,125 | 30.0% | Premises Costs | £864,784 | £873,695 | £8,911 |
| £341,654 | 27.2% | Transport Related Costs | £1,255,829 | £1,318,187 | £62,358 |
| £501,381 | 14.5% | Supplies & Services | £3,448,472 | £3,458,886 | £10,414 |
| £4,846,311 | 22.1% | Third Party Payments | £21,894,268 | £22,070,601 | £176,333 |
| £938,852 | 35.8% | Transfer Payments | £2,623,124 | £2,772,262 | £149,138 |
| £14,740,589 | 26.5% | TOTAL EXPENDITURE | £55,532,204 | £55,685,804 | £153,600 |
| (£6,217,109) | 41.7% | Income | (£14,893,304) | (£15,046,904) | (£153,600) |
| £8,523,480 | 21.0% | NET EXPENDITURE | £40,638,900 | £40,638,900 | £0 |

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £253,554 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 £62,358 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 is an overspend of £10,414. This projection includes additional Child Protection expenditure 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 overspend of £176,333 and is largely due to additional home care package costs and outwith residential schools placement costs in the year. These costs are partially offset by slippage in resources allocated for earmarked initiatives in the current financial year.

It is anticipated that a full-year saving of £63,986 on secure accommodation placement costs will be realised. Members will be aware of the unpredictable nature of this budget. This saving 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 underspend partially offsets increased expenditure of £242,205 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 £149,138 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.

3.7 **Income**

It is anticipated that additional income of £153,600 will be recovered in the year and is mainly due to Child Protection funding 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**

23 August 2005
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