

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE: 7 SEPTEMBER 2006

BUDGETARY CONTROL SUMMARY STATEMENT SOCIAL WORK TO 23 JULY 2006 (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 23 July 2006 (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 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 in respect of the implementation of the Strategic Direction of Older People's Services 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. The budget at Period 4 is therefore £43,666,710.

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 £956,791 above the revised annual estimate for the year.

This projected overspend is after the utilisation of recurring savings of £1,062,073, as well as non-recurring funding of £1,590,603. This funding comprises balances brought-forward from previous financial years of £863,394, as well as non-recurring savings in the current year of £667,209.

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.

The projected out-turn position includes a part-year reduction in income of £380,000 resulting from proposed changes to the Council's charging policy from May 2006. This change is proposed following new guidance issued by the Scottish Executive in respect of the policy on Free Personal Care for older people. The recurring full-year effect of this proposed change is a reduction of income of approximately £450,000.

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 4

Actual expenditure to date amounts to £13,861,920 and represents 31.7% 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 23 Jul 06 Period 4	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£36,123	30.0%	Regulation	£120,467	£126,909	£6,442
£768,238	29.6%	Performance & Development	£2,597,114	£2,603,128	£6,014
£3,106,342	36.4%	Children & Families	£8,522,362	£9,816,563	£1,294,201
£156,769	22.1%	Criminal Justice	£708,273	£716,409	£8,136
£6,113,897	31.5%	Community Care - Fieldwork	£19,406,289	£18,957,817	(£448,472)
£1,666,804	22.7%	Community Care - Adults	£7,337,489	£7,256,385	(£81,104)
£1,522,029	49.5%	Community Care - Older	£3,072,079	£3,265,824	£193,745
£491,718	25.8%	Resource Support	£1,902,637	£1,880,466	(£22,171)
£13,861,920	31.7%		£43,666,710	£44,623,501	£956,791

2.6 Summary of Subjective Costs

Actual Expend to 23 Jul 06 Period 4	Actual as % of Annual Estimate		Revised Annual Estimate 2006-07	Projected Actual 2006-07	Variance (Favourable)/ Adverse
£			£	£	£
£8,476,102	30.3%	Employee Costs	£27,962,284	£28,002,885	£40,601
£168,063	41.3%	Premises Costs	£407,378	£388,774	(£18,604)
£374,128	26.5%	Transport Related Costs	£1,411,154	£1,692,691	£281,537
£375,417	17.5%	Supplies & Services	£2,149,101	£2,160,553	£11,452
£6,034,379	22.7%	Third Party Payments	£26,609,294	£25,936,377	(£672,917)
£1,155,636	45.3%	Transfer Payments	£2,550,735	£2,931,212	£380,477
£16,583,725	27.1%	TOTAL EXPENDITURE	£61,089,946	£61,112,492	£22,546
(£2,721,805)	16.9%	Income	(£16,147,142)	(£15,625,597)	£521,545
£0	0.0%	Unallocated Efficiencies	(£1,276,094)	(£863,394)	£412,700
£13,861,920	31.7%	NET EXPENDITURE	£43,666,710	£44,623,501	£956,791

3. ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will be £40,601 greater than that budgeted for the year. This projection largely results from increased expenditure on home care services and is partially offset by anticipated savings on vacant posts from April 2006 to the actual and anticipated date of filling in the year. The additional expenditure on 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 £18,604 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 £281,537 greater than budgeted for the year. This is largely due to anticipated additional client transportation costs of £195,924, as well as projected additional car mileage and allowances costs. The additional client transportation costs emanate from the revised Council taxi contract which was negotiated by the Council's Procurement Service in the last financial year. 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.

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 additional expenditure of £11,452 and is mainly due to additional expenditure on clients' supplies within Children and Families.

3.5 **Third Party Payments**

The projected out-turn highlights reduced expenditure of £672,917 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 and outwith residential schools placements within Children and Families.

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.

A review of all outwith residential schools placements has been undertaken and based on current placement numbers, additional costs of £140,651 are anticipated for the year. This projected variance highlights an improved position from the final out-turn variance for 2005/06 of £212,827, however it will be necessary to closely monitor this budget for the remainder of the financial year.

3.6 **Transfer Payments**

Based on current information, it is anticipated that transfer payments will out-turn by £380,477 greater than allocated resources for the year. This projected variance is mainly due to increased expenditure of £390,000 on foster care, due to the necessity to utilise agency services, as well as additional payments to young people under various sections of the Social Work (Scotland) Act 1968. These additional costs are partially offset by savings on adoption expenses and Direct Payments, due to high cost adult clients withdrawing from the service.

3.7 **Income**

It is anticipated that budgeted income will be under-recovered for the year by £521,545. This is mainly due to a part-year reduction in income of £380,000 in respect of Free Personal Care charges for food preparation, as well as reduced home care charges 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 £412,700 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 £1,062,073. In addition, non-recurring savings of £667,209 have been achieved from slippage in earmarked resources and additional staff turnover savings. 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.

Alex McPhee
Executive Head of Finance

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

21 August 2006
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LIST OF BACKGROUND PAPERS

NIL

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