

# EAST AYRSHIRE COUNCIL

## SOCIAL WORK COMMITTEE – 13 SEPTEMBER 2001

### BUDGETARY PROGRESS REPORT SOCIAL WORK TO 29 JULY 2001 (PERIOD 4)

#### Joint Report by Director of Finance and 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 the Social Work Department for the period ended 29 July 2001 (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 2001, £26,089,360 has decreased by £100,410 to £25,988,950 at Period 4. This is due to a reduction in budget to reflect the department's share of the Council's 2001/02 management efficiency savings target, together with a reduction in the level of Training Grant from the Scottish Executive.
- 2.3 Projected Out-turn

Based on all available information, it is currently projected that the Social Work Service will out-turn at £26,109,155, which is £120,205 greater than the revised annual estimate for the year. This projected overspend figure includes additional expenditure of £56,445 relating to the level of young people currently held within secure accommodation, which is outwith the control of the Council. There are a number of other budgetary pressures, which are highlighted in section 3 below.

At this time, the Director of Educational and Social Services is undertaking a comprehensive budget re-alignment exercise to ensure that effective service delivery can be achieved within current financial resources.

## 2.4 Budget Performance to Period 4

The net expenditure to date amounts to £8,228,192 compared to a budget of £8,353,470, resulting in the actual expenditure being less than the budget by £125,278. The budget to 29 July 2001 is based on standard phasing for each period of expenditure and income, except where the service department has indicated otherwise. Period variances are mainly attributable to phasing which should level out over the year, but if this is not the case reasons for the anticipated variances are highlighted below.

## 2.5 Summary of Objective Costs

	Budget Expend to 29 Jul 01 Period 4	Actual Expend to 29 Jul 01 Period 4	Variance Expend to 29 Jul 01 Period 4	Revised Annual Estimate 2001-02	Projected Actual 2001-02	Variance	
	£	£	£	£	£	£	%
Regulation	736,115	684,818	-51,297	2,276,639	2,170,576	-106,063	-4.66
Children & Families/Criminal Justice	2,016,060	2,164,069	148,009	6,291,546	6,103,538	-188,008	-2.99
Community Care	4,607,297	4,586,276	-21,021	14,375,627	14,832,314	456,687	3.18
Health Board Account	421,187	219,210	-201,977	1,358,042	1,104,528	-253,514	-18.67
Support Services	572,811	573,819	1,008	1,687,096	1,898,199	211,103	12.51
	<b>8,353,470</b>	<b>8,228,192</b>	<b>-125,278</b>	<b>25,988,950</b>	<b>26,109,155</b>	<b>120,205</b>	0.46

## 2.6 Summary of Subjective Costs

	Budget Expend to 29 Jul 01 Period 4	Actual Expend to 29 Jul 01 Period 4	Variance Expend to 29 Jul 01 Period 4	Revised Annual Estimate 2001-02	Projected Actual 2001-02	Variance	
	£	£	£	£	£	£	%
Employee Costs	6,060,861	5,873,115	-187,746	18,780,490	18,293,753	-486,737	-2.59
Property Costs	218,567	168,564	-50,003	716,299	720,549	4,250	0.59
Transport Costs	260,816	231,854	-28,962	913,579	1,012,472	98,893	10.83
Supplies & Services	476,984	464,253	-12,731	1,535,730	1,570,427	34,697	2.26
Administration Costs	53,568	79,054	25,486	173,167	249,148	75,981	43.88
Payments to Other Bodies	3,100,390	3,029,515	-70,875	10,782,589	11,381,730	599,141	5.56
<b>TOTAL EXPENDITURE</b>	<b>10,171,186</b>	<b>9,846,355</b>	<b>-324,831</b>	<b>32,901,854</b>	<b>33,228,079</b>	<b>326,225</b>	0.99
Income	-1,817,716	-1,618,163	199,553	-6,912,904	-7,118,924	-206,020	2.98
<b>NET EXPENDITURE</b>	<b>8,353,470</b>	<b>8,228,192</b>	<b>-125,278</b>	<b>25,988,950</b>	<b>26,109,155</b>	<b>120,205</b>	0.46

### **3 ANALYSIS OF VARIANCES**

#### **3.1 Employee Costs**

The position as at 29 July 2001 highlights a favourable variance of £187,746. Current projections indicate that expenditure on employee costs will be £486,737 less than that budgeted. This projection mainly results from vacant posts from April 2001 to the anticipated date of filling in the year, as well as lower than anticipated direct wages costs, due to a projected increase in the level of service to be purchased from external providers in the year. This reduced expenditure is partially offset by unavoidable additional costs being incurred within residential units, in order to increase staffing levels in line with required minimum standards.

#### **3.2 Property Costs**

The position as at 29 July 2001 highlights a favourable variance of £50,003 partly due to the timing of expenditure. The projected out-turn highlights an adverse variance of £4,250, mainly due to additional property rental and energy costs.

#### **3.3 Transport Costs**

The current position highlights a favourable variance of £28,962, mainly due to the timing of expenditure. The projected out-turn for the year is an overspend of £98,893. This is mainly due to increased costs of respite transport and vehicle hires. This second issue will be partially offset by commencement of leasing agreements for replacement vehicles during the financial year.

#### **3.4 Supplies and Services**

The reported variance at Period 4 is an underspend of £12,731, mainly due to the timing of expenditure. The projected out-turn for the year is an overspend of £34,697, mainly arising from additional expenditure on supplies for young people leaving the care of the authority.

#### **3.5 Administration Costs**

The adverse variance at Period 4, £25,486 is mainly due to additional communication, advertising and general administration costs and is currently projected to out-turn at £75,981 over the annual budget. This is mainly due to an expected reduction in communication costs, especially in the operation of the electronic mail system and associated ISDN lines not being realised. This issue was highlighted in reports to the Social Work Committee in the last financial year.

### **3.6 Payments to Other Bodies**

The current favourable variance of £70,875 mainly relates to the timing of expenditure on projects within the Health Board account, offset by additional year-to-date costs within the Children and Families Service Unit.

Based on currently available information, there is a potential overspend of £599,141 for the year. This is mainly due to an increase in the number of children currently within Secure Accommodation placement, as well as additional fostering allowances and supported lodgings within the Children and Families Service Unit, externally provided home care services and Section 10 Payments to Voluntary Organisations. These overspends are partially offset by a reduction in adoption allowances as well as managed slippage in funds set-aside for earmarked initiatives within Community Care.

### **3.7 Income**

The position at Period 4 is an under-recovery of income of £199,553, mainly due to the timing of recharges. Unit Managers are monitoring income to ensure that the department maximises income recoverable in the year.

Additional income of £206,020 is anticipated for the year. This is mainly due to higher than budgeted income from the Scottish Executive in respect of Criminal Justice services, as well as additional income from Premier Prisons, Ayrshire and Arran Health Board and charges for home care services. These are partially offset by under recoveries of income in relation to charges for Aids and Adaptations and charges to new users of Community Alarms services.

## **4 RECOMMENDATIONS**

**4.1** It is recommended that the Committee note the contents of this report

Alex McPhee  
**Director of Finance**

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

AMcP  
10 September 2001

**LIST OF BACKGROUND PAPERS**  
**NIL**

Members wishing further information should contact Alex McPhee, Financial Services Manager, Tel: (01563) 576848.

Implementation officer: Allan McDougall, Head of Resource Support  
Tom McHugh, Head of Accounting Services

**AGENDA**