

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE	Subject: REVENUE MONITORING REPORT
From: HEAD OF HOUSING AND SOCIAL WORK RESOURCES	01.04.09 – 11.09.09 (PERIOD 6)
Date: 21 OCTOBER 2009	Ref: JH/RP
	HOUSING (NON HRA) AND SOCIAL WORK SERVICES

1. Purpose of Report

This report advises Committee on the overall financial position of Housing (Non HRA) and Social Work Services for 2009/10 financial year to 31st March 2010. Variances are reported for both year-to-date and projected outturn, with major outturn variances being highlighted and explained.

2. Summary of Financial Position

- 2.1. The Housing (Non-HRA) service is currently projecting a year-end overspend of £60,000, which is attributable to under-recovery of home loan repayments.
- 2.2. The Social Work service is currently projecting an overspend of £391,047 for the year. This is a favourable movement of £144,942 from the position previously reported for period 5 and is largely due to offsetting variances within various categories. The overall outturn position has been reached through a combination of overspends within employee costs, property costs and provision of care, being partially offset by underspends in supplies and services, transport costs, administration costs and over recovery of income.
- 2.3. The Service's Revenue Budget for 2009/2010 continues to reflect £450,000 of approved Sutherland Fund resources.
- 2.4. Additional details regarding budget variations are outlined in paragraph four below, and the appendices to this report.

3. Risks and Uncertainty

- 3.1. Although risks are inherent in any financial planning and monitoring process, the current economic climate has the potential to impact upon the Council's ability to provide services within its existing budgetary provision.
- 3.2. The most significant risks which may impact upon the financial outcome of Housing (Non HRA) and Social Work Services include:
 - 3.2.1. Growing demand on fostering services resulting in a continued need to buy in services from External Providers at higher costs. In addition, there is also a visible trend of an increasing number of carers falling within the criteria for Kinship Carers. While current demand is contained within budget, there is a likelihood of this area of activity coming under financial pressure as the year progresses. Currently the pressure on funding for secure accommodation placements is contained, but a combination of uncertainty regarding future demand levels for placements and the costs involved in making placements, could result in an adverse effect on Social Work finances.

3.2.2. The Social Work service has undertaken a tendering exercise within the area of supported living, but unfortunately the tenders received were not satisfactory. In line with former commissioning arrangements, the service is negotiating contract terms with providers. If these negotiations are unsuccessful, there is a risk that increased costs, for which the service has no resources, will require to be funded in the current financial year.

3.2.3. As previously advised, there is a risk that the current economic climate will result in fewer home loans being repaid early, which could have an adverse effect on the overall Non-HRA outturn position. Home loan redemption levels will be closely monitored over the remainder of the financial year.

4. Major Variations from Budget

4.1. A summary of the major variances projected at year-end within each division is outlined within table 1 below.

Service Division	Outturn Position (£s)	Analysis
Housing (Non HRA)	£60,000 Overspend	Under-recovery of home loan repayments
Social Work Services	£ 391,047 Overspend	Increased overtime, costs of core conditions, and pressures within fostering and provision of care are partially offset by underspend in supplies for service users, transport costs and over recovery of income.
Total	£451,047 Overspend	

Table 1

4.2. The Social Work Service has a total employee costs budget of £82.3 million consisting of Home-care staff of £22.7m and other services of £59.6m. The overall projected outturn variance is a net overspend of £1.179m (1.4%).

4.2.1. Home-care staff – due to the nature of this service and the need to provide a constant level of service delivery, budgeted turnover savings are not appropriate. The Service currently has around an average of 16 FTE vacancies, which equate to an estimated underspend in basic salary costs of £0.242m. However, demands on the Service combined with the costs anticipated (£0.520) from implementing revised core conditions of service on 1st July 2009, result in a projected overspend in home care employee costs of around £1.197million pounds. Plans are in place to manage this position with Localities expected to achieve targeted reductions in areas such as overtime.

4.2.2. Other staff – the budget of £59.6m is net of turnover savings of £2.8m or 4.7% which equates to 113 FTE based on average salary of £25k. Currently there are equivalent of 193 FTE vacant posts, which, after allowing for part-year vacancies, temporary cover for key front-line posts and overtime working, results in a net underspend of some £137k. All vacant posts are subject to management action either in relation to internal restructuring or to offset other cost pressures.

- 4.2.3. Overall, employee costs are projected to overspend by around £1.179m, a favourable movement of £0.016m from the period 5 position. Overtime is presently anticipated to continue at around the previously identified level, although action will be taken where possible to reduce this as the year progresses.
- 4.3. The Housing Service has a total employee costs budget of £6.2 million; however turnover to the value of £0.263 million has been deducted at source. This equates broadly to 4.1%, or 10 FTE if using £26k as the average salary. Currently the Service is sitting with the equivalent of 1 FTE vacant post, and 2 FTE posts held pending the conclusion of ongoing structural reviews. After allowing for the impact of vacancies, the projected outturn is a breakeven position. All vacant posts are subject to management action in relation to held posts awaiting the outcome of internal design or existing vacancies.
- 4.4. Payments to other bodies accounts for £98.578m of the annual budget, and is expected to outturn with a minor overspend of £1.056m (1.07%) for the current financial year. The key financial and operational issues which have arisen during the course of the year include:
- 4.4.1 Detailed consultation has taken place with Localities to specifically examine Home Care performance. Independent Homecare is expected to be overspent by £0.698m due to current demand levels. With a view to addressing this potential overspend, Localities will be required to achieve performance targets by 31st March 2010. This is in line with the current Best Value Review being progressed within the service.
- 4.4.2 Fostering service is overspent by £0.485m due to a continued increase in demand for placements. There is currently a review of all financial activity within Children's and Families to ascertain if there is potential to realign budgets to address this anticipated overspend.
- 4.5 There is an over recovery of income of £689k for Social Work services within the area of Sales Fees and Charges, which is currently being offset to a degree by under recovery in Cross Boundary charging and miscellaneous Income. In addition within Non-HRA there is an anticipated under-recovery of £60k in home loans repayments.

5. Management Actions

- 5.1. Review of Supported Living packages with a view to reducing costs in line with service user requirements.
- 5.2. The homecare service is under extreme pressure and the service is currently reviewing packages of care with a view to reducing expenditure by the end of the financial year.
- 5.3. Performance targets have been set for Localities in areas such as recruitment and overtime. It is anticipated that achievement of these will assist the Service in maintaining a balanced budget position by the year-end. The position will continue to be closely monitored over the coming months.

6. Financial Concurrence

Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

7. Recommendations

It is recommended that the contents of this report be noted.

A handwritten signature in black ink, appearing to read "R Paul". The signature is written in a cursive, flowing style.

R Paul
Head of Housing and Social Work Resources
29 September 2009

For further information on this report please contact Ian McCulloch on telephone 01698 332834 or John Hogg on telephone 01698 332022

FINANCIAL MONITORING REPORT
1 April 2009 to 11 September 2009 (P6)
COMMITTEE: HOUSING AND SOCIAL
WORK SERVICES

DIVISION : HOUSING (NON HRA) AND SOCIAL WORK SUMMARY

Appendix 1

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)	% (9)	ANALYSIS (10)
		£	£	£	£	£	£		
1.	SOCIAL WORK SERVICES	65,318,523	65,609,004	(290,481) Overspend	170,627,618	171,018,665	(391,047) Overspend	-0.2%	Increased overtime, costs of core conditions, and pressures within fostering and provision of care are partially offset by underspend in supplies for service users, transport costs an over recovery of income. Under-recovery of home loan repayments
2.	HOUSING (NON HRA)	3,035,252	2,968,100	67,152 Underspend	6,723,569	6,783,569	(60,000) Overspend	-0.9%	
3	TOTAL	68,353,775	68,577,104	(223,329) Overspend	177,351,187	177,802,234	(451,047) Overspend	-0.3%	

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Appendix 2

IN IO. 1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)	% (9)	ANALYSIS (10)
		£	£	£	£	£	£		
1.	EMPLOYEE COSTS	38,762,220	39,260,442	(498,222) Overspend	88,472,483	89,651,774	(1,179,291) Overspend	-1.3%	Pressures within Homecare and core condition changes Various property cost pressures Reduced spend for supplies for service users Savings within car users allowances Slippage in development initiatives Increase in provision of care mainly demand led
2.	PROPERTY COSTS	1,643,218	1,640,538	2,680 Underspend	5,619,554	5,732,223	(112,669) Overspend	-2.0%	
3.	SUPPLIES AND SERVICES	3,391,984	3,337,619	54,365 Underspend	7,602,026	7,411,343	190,683 Underspend	2.5%	
4.	TRANSPORT & PLANT	1,682,284	1,458,667	223,617 Underspend	4,073,746	3,503,786	569,960 Underspend	14.0%	
5.	ADMINISTRATION COSTS	809,995	772,877	37,118 Underspend	4,077,887	3,830,761	247,126 Underspend	6.1%	
6.	PAYMENTS TO OTHER BODIES	34,321,068	34,692,259	(371,191) Overspend	98,578,020	99,634,385	(1,056,365) Overspend	-1.1%	
7.	OTHER COSTS	725,760	621,644	104,116 Underspend	1,578,591	1,378,591	200,000 Underspend	12.7%	
8.	APPORTIONED EXPENSES	873,098	873,098	0 On Target	6,048,649	6,048,649	0 On Target	0.0%	
9.	CFCR	0	0	0 On Target	1,400,000	1,400,000	0 On Target	0.0%	
10.	CAPITAL FINANCING CHARGES	20,639	20,639	0 On Target	1,981,375	1,981,375	0 On Target	0.0%	
11.	TOTAL EXPENDITURE	82,230,266	82,677,783	(447,517) Overspend	219,432,331	220,572,887	(1,140,556) Overspend	-0.5%	
12.	INCOME	13,876,491	14,100,679	224,188 Over-recovery	42,081,144	42,770,653	689,509 Over-recovery	1.6%	Increase in Sales, Fees & Charges
13.	NET EXPENDITURE	68,353,775	68,577,104	(223,329) Overspend	177,351,187	177,802,234	(451,047) Overspend	-0.3%	

IN O 1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		% (6)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£			£	£	£			
1	Care Element Transfer/Nursing Homes	10,738,642	10,738,642	0	On Target	0.0%	26,916,577	26,916,577	0	On Target	0.0%	
2	Community Care Development	231,612	174,827	56,785	Underspend	24.5%	680,633	540,549	140,084	Underspend	20.6%	Slippage in development programme
3	Supplementation/Supported Living	12,748,283	12,870,280	(121,997)	Overspend	-1.0%	35,248,577	35,445,577	(197,000)	Overspend	-0.6%	Increase in number of packages on system
4	Direct Payments	664,540	640,788	23,752	Underspend	3.6%	1,352,964	1,352,964	0	On Target	0.0%	
5	Independent Homecare	1,133,507	1,369,292	(235,785)	Overspend	-20.8%	4,666,317	5,364,836	(698,519)	Overspend	-15.0%	Growth in demand for Homecare services, packages currently under review.
6	Housing Support	276,073	274,046	2,027	Underspend	0.7%	6,404,293	6,229,106	175,187	Underspend	2.7%	
7	Private Sector Housing Grants	314,161	314,161	0	On Target	0.0%	4,057,000	4,057,000	0	On Target	0.0%	
8	Voluntary Organisations	1,712,283	1,452,230	260,053	Underspend	15.2%	5,118,683	4,754,404	364,279	Underspend	7.1%	Developments within various care groups, likely to change during financial year.
9	Fostering/Adoption/Link Carers	1,602,723	1,405,357	197,366	Underspend	12.3%	3,502,731	3,157,490	345,241	Underspend	9.9%	This offsets overspend in External Fostering
10	Residential/ Secure Accommodation	524,053	524,053	0	On Target	0.0%	2,343,584	2,343,584	0	On Target	0.0%	
11	Agency Fees	501,136	893,221	(392,085)	Overspend	-78.2%	1,125,844	2,015,687	(889,843)	Overspend	-79.0%	External Fostering partially offset by underspend within Internal Fostering
12	Payments to Other Bodies	2,717,052	2,670,534	46,518	Underspend	1.7%	3,972,292	3,759,987	212,305	Underspend	5.3%	
13	Social Work (Scotland) Act - Sectional Payments	627,748	735,466	(107,718)	Overspend	-17.2%	1,368,893	1,614,191	(245,298)	Overspend	-17.9%	Based on demand through 2008 09
14	Children-Disability Services	47,159	47,159	0	On Target	0.0%	421,780	421,780	0	On Target	0.0%	Services provided by external agencies
15	Independent Living Fund	138,133	180,663	(42,530)	Overspend	-30.8%	515,992	701,937	(185,945)	Overspend	-36.0%	Deficit in funding compared to demand
16	Other Local Authorities	291,340	213,015	78,325	Underspend	26.9%	794,600	618,592	176,008	Underspend	22.2%	A variety of cost centre that are subject to fluctuation dependent on demand.
17	Other	52,623	188,525	(135,902)	Overspend	-258.3%	87,260	340,124	(252,864)	Overspend	-289.8%	Main areas Medical fees and basic living allowance:
NET EXPENDITURE		34,321,068	34,692,259	(371,191)	Overspend	-1.1%	98,578,020	99,634,385	(1,056,365)	Overspend	-1.1%	