

NORTH LANARKSHIRE COUNCIL
REPORT

To: SOCIAL WORK COMMITTEE		Subject: SOCIAL WORK DEPARTMENT REVENUE ESTIMATES 1998/99 BASE SUBMISSIONS
From: DIRECTOR OF FINANCE		
Date: 12 November 1997	Ref: JM/CP	

1. Introduction

- 1.1 The purpose of this report is to present to Committee the Department's base estimates submission for the forthcoming year 1998/99 and to outline the broad principles within which the Council's budget is being prepared.
- 1.2 It is intended that the Revenue Estimates exercise for 1998/99 will broadly follow a similar approach to that adopted in determining the current year's estimates ie., the costs of capital financing, interest on revenue balances, specific government grants and central services costs are at this stage excluded in order to determine the cost of the current service provision directly falling within departmental control.

2. Process

- 2.1 This year's process will again consist of three stages:-

Stage 1

The initial stage of the exercise will be to determine the cost of the existing level of service provision. The 1997/98 approved budget will be the starting point and will be uplifted to include the full impact of the 1997/98 pay award, annual operational costs of new facilities coming on-stream for the first time, clearly quantifiable new legislative costs and finally changes previously approved by the Council during 1997/98. Thereafter this will become the base budget for 1998/99.

Stage 2

Application of inflationary increases where appropriate.

Stage 3

Following the Government's announcement on capping, GAE and revenue support grant settlements, the Council will require to consider spending priorities against a backdrop of reducing resources and competing demands. Decisions will have to be taken on service priorities, the extent of service enhancements as contained within the service plan submissions, and the level of department savings in light of the 1998/99 capping provision.

3. Outlook For 1998/99

3.1 The 1997/98 budget was set at the capping limit following the implementation of a significant savings package. The Government's spending proposals for 1998/99 are likely to be no less severe putting more pressure on the Council to reduce the level of departmental spending. While no firm announcement has been made on public expenditure levels, the 'capping' criteria will undoubtedly be maintained. Indeed 1998/99 will be the fifth year in succession that the GAE and capping settlements are likely to exclude recognition of pay-awards with such payments once again having to be met from efficiency savings and possible cuts in services.

4. Departmental Submission

4.1 The first stage of the revenue exercise is now complete and the attached appendices summarise the base budget for 1998/99 prior to consideration being given to

- (i) inflationary increases including 1998/99 pay awards.
- (ii) the effect of the increase in employers superannuation increase.
- (iii) the cost to the Council of mainlining Urban Aid funded projects.
- (iv) other policy decisions being taken by the Council in relation to service growth bids and expenditure savings.

4.2 The appendices attached include:

- (i) Summary of 1997/98 approved budget.
- (ii) Increases/decreases in cost of existing service provision.
- (iii) Explanation of increases/decreases.
- (iv) Analysis of 1998/99 base estimates by expenditure type.

5. Recommendations

5.1 The Committee is requested to note the Department's budget position meantime.


P. Smith
Director of Finance

Cost of Existing Service Provision for 1998/ 99

Committee : SOCIAL WORK

Service : SOCIAL WORK

Part 1

£

£

Net approved expenditure per 1997 / 98 Revenue Estimates

58,700,391

Part 2

Items Outwith Resource Allocation :

DEDUCT : Central Administration Costs	2,129,910
: Central Repairs Budget	467,001
: Interest on Revenue Balances	120,000
: Capital Financing Charges	1,730,170
ADD : Specific Grants	748,000
Sub - Total	(3,699,081)

Part 3

Adjustments to Base Allocation :

Budget Re-alignments -	16,500
Transfer Cumernauld Womens Aid Project from Housing Non-HRA	
Shortfall 1997/98 Wage Awards	153,730
Transfer of Urban Aid Projects Terminating 1997/98	207,400
Transfer of UPAC from Personnel Services Division of the Administration Department	17,000

394,630

ADJUSTED NET EXPENDITURE - BASE FOR 1998 / 99
(Form CSP / 2 - Line 1)

55,395,940

Cost of Existing Service Provision for 1998 / 99

Department : SOCIAL WORK

£000

£000

Part 1

Adjusted Net Expenditure Base for 1997 / 98 (CSP / 1 Line 4)

55,395,940

Part 2

ADD : Increases to Expenditure

2.2	<u>Impact of Incremental Drift</u>	223,000	223,000
2.3	<u>Impact of New Legislation</u>		
	Childcare Statutory Expenditure	217,500	217,500
2.4	<u>Impact of Council Decisions</u>		
	Mainlined Urban Programme	5,925	5,925
2.5	<u>Other Increases to Expenditure</u>		
a.	Superannuation/National Insurance	410,000	
b.	Shortfall in disaggregated Property Budget inherited from former authority	158,500	
c.	Payments to Voluntary Organisations - Full Year Cost	112,000	
d.	Severely Disabled Young Adults - Full year cost	166,000	
e.	Increased cost of transporting clients to Day Centres	46,000	
f.	Manual Workers conditions of service - effect of increased holidays	40,000	
g.	Uplift of Trade Refuse - due to charging policy by Environmental Services	22,500	
h.	Chosi Project - Childcare and Throughcare Services	98,600	
			1,053,600

Part 3

LESS : Reductions in Expenditure

	Cross Boundary Charging Excess of Income over Expenditure	50,000	50,000
-			

Existing Service Provision in 1997/98 (Part 1 + Part 2 - Part 3)

56,845,965

North Lanarkshire Council

Cost of Existing Service Provision for 1998 / 99

Department : SOCIAL WORK

£000

Further Explanations of Items Included in CSP 2

2.3	<u>Childcare Statutory Expenditure</u>		217,500																					
		<p>This relates to the increase in Childcare services which will be required as a result of changing population and implementation of The Children Scotland Act. The Act, implemented on 1st April 1997 placed additional responsibilities on the local authority particularly in relation to young people previously looked after by the local authority who were moving on to independent living. The responsibility to provide assistance and cash was extended to young people up to 19 years of age.</p> <p>At the same time, other duties and responsibilities were extended in relation to providing support for families of children in need including suitable alternative community based placements and to provide appropriate services and supports for adopters and adoptees. As a consequence of these responsibilities, greater expenditure will have occurred in these areas leading to a need for extra funding.</p> <p>The expenditure incurred can be analysed as follows:</p>																						
		<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Adoption</td> <td style="width: 20%; text-align: right;">5,000</td> <td></td> </tr> <tr> <td>Fostering</td> <td style="text-align: right;">51,300</td> <td></td> </tr> <tr> <td>DISC Fostering</td> <td style="text-align: right;">11,000</td> <td></td> </tr> <tr> <td>Section 12</td> <td style="text-align: right;">33,700</td> <td></td> </tr> <tr> <td>Section 21</td> <td style="text-align: right;">28,000</td> <td></td> </tr> <tr> <td>Section 24</td> <td style="text-align: right;">59,500</td> <td></td> </tr> <tr> <td>Link/Supported Carers</td> <td style="text-align: right;">29,000</td> <td style="text-align: right; border-top: 1px solid black;">217,500</td> </tr> </table>	Adoption	5,000		Fostering	51,300		DISC Fostering	11,000		Section 12	33,700		Section 21	28,000		Section 24	59,500		Link/Supported Carers	29,000	217,500	
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Link/Supported Carers	29,000	217,500																						
2.4	<u>Mainlined Urban Programme</u>		5,925																					
		<p>This relates to the cost of mainlining terminating Urban Programme project for the Disabled Laundry Service. This project has a total budget of £14,215 of which £8,290 is to be transferred into Social Work from Chief Executive.</p>																						
2.5a	<u>Superannuation/National Insurance</u>		410,000																					
		<p>This is to provide for the previous budgetary shortfall between APT & C Manual Workers Superannuation and National Insurance.</p>																						
2.5b	<u>Shortfall in disaggregated Property Budget</u>		158,500																					
		<p>This relates to the shortfall in the budget due to the rationalisation of property after reorganisation. The premises occupied by Bellshill Area Team and Carron House in Cumbernauld did not receive disaggregated budgets while Social Work Headquarters at Scott House in Motherwell did not receive sufficient disaggregated budget to cover rental costs. The costs are analysed as follows:</p>																						
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North Lanarkshire Council

Cost of Existing Service Provision for 1998 / 99

Department : SOCIAL WORK

£000

Further Explanations of Items Included in CSP 2

2.5c	<p><u>Payments to Voluntary Organisations</u></p> <p>This is the full year effect of resources required to address funding shortfalls within projects run by voluntary organisations providing residential care for people with learning disability.</p> <p>The resources are required for the following projects:</p> <p>(1) <u>Enable Cumbernauld</u> To regularise staffing and conditions of service</p> <p style="text-align: right;">120,000</p> <p>(2) <u>VAMW Greenlaw</u> To upgrade standard of care in line with policy and standards applied by North Lanarkshire in this client group.</p> <p style="text-align: right;">107,000</p> <p style="text-align: right;">227,000</p> <p>Budget received in 1997/98</p> <p style="text-align: right;">115,000</p> <p style="text-align: right;">112,000</p>	112,000
2.5d	<p><u>Severely Disabled Young Adults</u></p> <p>This relates to the full effect of 15 severely disabled young adults with complex needs leaving school in 1997/98 who will require day care services.</p> <p>Total Recurring Revenue</p> <p style="text-align: right;">332,000</p> <p>Budget received in 1997/98</p> <p style="text-align: right;">166,000</p> <p>Balance of full year effect</p> <p style="text-align: right;">166,000</p>	166,000
2.5e	<p><u>Transport of clients to Day Care Centres</u></p> <p>This relates to the transport of clients from schools in the area to IT Treatment units or Day Centres. In previous years the cost was borne by The Education Department. In 1998/99 Social Work is required to cover this cost.</p>	46,000
-2.5f	<p><u>Manual Workers Conditions of Service</u></p> <p>This relates to the costs involved in the change in the conditions of service of Home Help staff within the department. In terms of service delivery, the work normally undertaken by a home help who is on holiday has to be allocated to another worker since service to clients has to be maintained. Any additional holidays due to home help staff as a result of the change in conditions of service will incur additional costs.</p>	40,000

Cost of Existing Service Provision for 1997 / 98

Department :

SOCIAL WORK

£000

Further Explanations of Items Included in CSP 2

2.5g	<u>Uplift of Trade Refuse</u> This relates to new charge imposed by Environmental Services for the uplift of trade refuse from Social Work Properties.	22,500
2.5h	<u>Chosi Project - Childcare and Throughcare Services</u> The Chosi Project will be one of a range of resources which form North Lanarkshire Council's Childcare and Throughcare strategies. The project will offer an intensive and focused service to young people where their offending behaviour is likely to result in entry to the adult criminal justice system or where their behaviour places themselves or others at risk. The Scottish Office has withdrawn funding for this project and Social Work will require to bear the cost.	98,600

North Lanarkshire Council

Cost of Existing Service Provision for 1998 / 99

Department :

Social Work

	Net Expenditure Estimates 1997/98	LESS : Items Outwith Resource Allocation	ADD : Adjustments to Base Allocation	Adjusted Net Expenditure Base 1998/99	ADD : Analysis of CSP Adjustments 1998/99	Cost of Existing Service Provision in 1998/99
	£000	£000	£000	£000	£000	£000
EMPLOYEE COSTS	31,569,194		170,730	31,739,924	673,000	32,412,924
PROPERTY COSTS	3,859,025	467,001		3,392,024	158,500	3,550,524
SUPPLIES & SERVICES	1,331,520			1,331,520	0	1,331,520
TRANSPORT & PLANT COSTS	2,200,330			2,200,330	46,000	2,246,330
ADMINISTRATION COSTS	2,629,512	212,991		499,602	0	499,602
PAYMENTS TO OTHER BODIES	23,247,676		223,900	23,471,576	622,525	24,094,101
OTHER EXPENDITURE	1,544,314	120,000		1,424,314	0	1,424,314
LOAN CHARGES	1,730,170	1,730,170		0	0	0
GROSS EXPENDITURE	68,111,741	4,447,081	394,630	64,059,290	1,500,025	65,559,315
INCOME	9,411,350	748,000		8,663,350	50,000	8,713,350
NET EXPENDITURE	58,700,391	3,699,081	394,630	55,395,940	1,450,025	56,845,965

Cost of Existing Service Provision for 1998/99

Committee : SOCIAL WORK

Service : SHELTERED WORKSHOPS

Part 1

£

£

Net approved expenditure per 1996/97 Revenue Estimates

157,960

Part 2

Items Outwith Resource Allocation

DEDUCT : Interest on Revenue Balances

400

Capital Financing Charges

26,390

ADD : Specific Grants

99,000

Sub - Total

72,210

Part 3

Adjustments to Base Allocation :

Shortfall 1997/98 Wage Awards

1,360

Transfer of UPAC from Personnel Services Division of
the Administration Department

28,000

29,360

ADJUSTED NET EXPENDITURE - BASE FOR 1998/99
(Form CSP / 2 - Line 1)

259,530

Cost of Existing Service Provision for 1998 / 99

Department :

SHELTERED WORKSHOP

£000

£000

Part 1

Adjusted Net Expenditure Base for 1997 / 98 (CSP / 1 Line 4)

259,530

Part 2

ADD : Increases to Expenditure

Impact of Incremental Drift

0

Impact of New Legislation

Impact of Council Decisions

Other Increases to Expenditure

0

0

Part 3

LESS : Reductions in Expenditure

0

Existing Service Provision in 1997/98 (Part 1 + Part 2 - Part 3)

259,530