

To: SOCIAL WORK COMMITTEE	Subject: BUDGET MONITORING REPORT 2001/2002 PERIOD 01.04.01 – 04.01.02 SOCIAL WORK
From: DIRECTOR OF SOCIAL WORK	
Date: 28 Feb 2002	Ref: RP/MY

1. PURPOSE OF REPORT / INTRODUCTION

1.1. This report compares provisional out-turn expenditure and income against annual estimates and provides explanations for the major out-turn variances.

2. SUMMARY OF BUDGET VARIANCES

2.1. The out-turn projection shows an underspend of £604,859 at the financial year-end. This is an increase from the previous report, which projected an underspend of £560,444. This increase can be explained by the changing pattern of expenditure throughout each of the budget lines. Each area of expenditure has been reviewed in significant detail and the changes from the previous report are identified in section 4 of this report. The projected out-turn figure for this period includes the following proposals which were approved at Committee in October 2001:-

- ◆ £300,000 to assist in the reduction of waiting lists for Equipment and Adaptations
- ◆ £200,000 for the upgrade of the Information and Assessment Unit at Fern Street, Motherwell
- ◆ £180,000 for the improvement of the Fabric of Residential Homes

The impact of these proposals has been reflected within the department's budget. However, consideration is still being given to the other proposals for enhancing service delivery, which were mentioned in the report to Committee on 25 October 2001.

2.2. There has been additional income generated through the receipt of Transitional Housing Benefit. This additional resource can be utilised to provide housing support packages to clients who require them in order to remain within their own home. Prior to receipt of this resource, the department had limited ability to provide this care through mainstream Community Care budgets. Work is currently being undertaken to re-assess clients so that any housing support elements of care packages can be paid for from this new resource, thus augmenting Community Care budgets which provide other elements of care. Any claims which are processed for Social Work clients in this financial year will be backdated to April 2001. It is important to note that, as the number of successfully processed claims rise, and the backdating element takes effect, there is potential for this additional resource to rise. This will be reported in detail in subsequent reports to Committee.

2.3. With regard to the overall departmental performance, the increased expenditure on transport and administration is compensated by staff savings on employee costs, resulting from the level of vacancies throughout the year, which have once again impacted on the performance of the Department both in terms of service delivery and also in the effective management of the change agenda required within Community Care Services.

3. BUDGET RE-ALIGNMENT

- 3.1. Earlier Committee reports advised of a projected underspend of £1,500,000 within Employee Costs in Management and Support Services, and overspends within the same division in Property Costs and Supplies and Services. These overspends related to expenditure on Equipment and Adaptations and IT equipment respectively.
- 3.2. Following approval by Committee, it was agreed that £800,000 of the underspend within Employee Costs will be utilised to enhance the budget for Equipment and Adaptations. This is intended to reduce waiting lists in the area. A further £300,000 will be utilised to increase the budget for Information Technology which will be vital if the department is to cope with the demands and pressures which will be placed on it by the ever increasing change agenda. This realignment is now reflected in the Departments Property and Supplies and Services Costs respectively.
- 3.3. Committee should also note that the Equipment Budget has been increased by £224,000 to reflect the additional resources allocated for this purpose by the Policy and Resources Committee of 18th September 2001.
- 3.4. It should also be noted that the department's budget for internal transport has been reduced by £149,006 as a result of a detailed analysis by the Transport Section of the council, of the Vehicle Replacement Programme. This area is being closely reviewed by the Transport section of the council in conjunction with the Social Work Department to ensure expenditure remains within budget for the year.
- 3.5. In October 2001, Committee approved proposals put forward by the department for additional uses for the projected underspend in the Social Work Budget. The budget has been amended to reflect the planned additional spend of £680,000 and consequently, this additional spend has been reflected in the out-turn figures.

4. EXPLANATION OF MAJOR OUT-TURN VARIANCES BY DIVISION

- 4.1. This section of the report provides a summary of the projected year end position for the department as a whole by expenditure line.

4.1.1. Employee Cost £262,959

Under-spend

There is a projected under-spend in this area. The projected under-spend is mainly a result of the recruitment difficulties experienced throughout the course of the year to date, and the delay in the filling of posts required to meet the change agenda. The recruitment problems faced by the department during this financial year have been carried over from the previous year and have been the subject of separate reports to Committee. However, the original under-spend, highlighted in previous Committee reports has been offset by increased overtime costs within each of the three districts in North Lanarkshire, and the increasing use of temporary workers to fill gaps in service provision. The department provides service to a variety of vulnerable client groups and it has a statutory responsibility to ensure adequate standards of care are maintained despite the recruitment problems, which have been experienced throughout all areas and divisions of service.

Furthermore, account has now been taken of superannuation costs, which are currently exceeding budget due to a substantial increase in uptake of the scheme by Homecare workers, as well as redundancy costs, which were reported to Committee earlier in this financial year as a result of the departmental re-structuring.

4.1.2 Property Costs £118,920

Under-spend

A careful and detailed evaluation both of expenditure patterns over all areas of service, along with the inclusion of planned expenditure has resulted in the projected underspend in this area. The additional planned expenditure referred to in paragraph 2, which is intended to improve the fabric of Residential Homes in the area, upgrade the Information and Assessment Unit at Fern Street and reduce waiting lists for Adaptations, has been included within this budget but this has been underpinned by reduced expenditure on utilities at a number of units throughout North Lanarkshire. The result is an overall projected underspend, although this underspend has reduced somewhat from that reported in the previous report. This reduction can be explained by the continuing spend on equipment and adaptations.

4.1.3 Supplies and Services £344,769

Over-spend

The projected overspend has increased since the previous Committee Report as a result of additional expenditure on vital computer equipment which will assist the department to meet community care agendas as well as increased expenditure on furniture and fittings within Residential Homes. The outlay on furniture and fitting is part of the agenda that will improve the fabric and conditions of the residential units within North Lanarkshire. Finally, a detailed review of the budgets throughout all areas of the department has highlighted that machine rental charges will exceed budgeted costs for the year by £70,000.

4.1.4 Transport and Plant £441,722

Over-spend

The projected overspend in this area is mainly within Management and Support Services. The overspend is a result of expenditure incurred within the travel and subsistence budget. The origin of the overspend is a corporate saving requested in the first year of the authority. This had the result of reducing the budget available in this area, however, staff were still required to travel in order to carry out their duties, therefore actual costs incurred did not decrease proportionately.

The over-spend within this Division for travel and subsistence is anticipated to be £294,000 at the year-end, while the over-spend on excess travel and additional expenditure on fares is projected to be in the region of £86,000. This projection has increased since the previous report due to a considered evaluation of travel costs throughout all area teams as well as increased activity in the Homecare division. In addition, the budget for external transport hire is anticipated to be £70,000 overspent. This is again a result of increased activity within Homecare.

4.1.5 Administration Costs £344,433

Over-spend

There will be a projected overspend in the area of Management and Support Services, mainly as a result of increased expenditure in a number of administrative areas such as stationery, printing, publications and advertising. These costs can be largely attributed to the numerous statutory reports which the department is required to produce and to the increasing need to provide high quality public information. The resultant increases in expenditure have continued into this financial year. The projected overspend has been reviewed since the last report as a result of more detailed analysis of expenditure by area teams.

4.1.6 Payment to Other Bodies £592,765 Under-spend

There will be a projected underspend resulting from delays in implementing a number of programmes set out within the change agenda. This is another effect of the recruitment problems experienced by the department in recent times. However, the underspend is a result of a combination of over and underspends over various divisions of service. Within Residential Accommodation for the elderly, an overspend of £537,000 is projected. The Nursing Home budget will be overspent by £155,000 with regard to level of placement while account has also been taken of the anticipated overspend in relation to the agreed backdating of fees payable to external Nursing Home providers. The backdated increase, which has been agreed at £10 per person per week will cost the department £382,000. It is important to note however, that this overspend will be offset by underspends in other divisions.

There will be slippage incurred due to a reduction in payments made to voluntary organisations which provide residential and day care services to clients with learning disabilities and also within projects developed to provide care to clients with mental health problems. The projection in this area has changed from the previous report as a result of a detailed review of all cost centres and expenditure lines.

4.1.7 Other Costs £61,973 Underspend

The projected underspend in the area of miscellaneous expenditure is a result of careful evaluation of the budgets within each cost centre. It is anticipated that there will be slippage in this area at year-end.

4.1.8 Income £699,026 Over-recovered

The over-recovery in income is a result of two significant factors. Firstly, the department is projecting an under-recovery of £450,000 within Homecare Services. The income generated from charging clients for Homecare Services is in turn determined by the personal income available to clients to pay the charges. An assessment is carried out on each client to ascertain their ability to contribute towards their care costs. As part of this process, clients are given advice and assistance to claim the full amount of allowances for which they may be eligible.

The outcome of this financial assessment will determine the level at which the client contributes towards their care costs. Work is continuing to ensure the future maximisation of benefit uptakes by clients, thus increasing their ability to contribute to the cost of their care. This under-recovery is compensated by an over-recovery of £1,770,000 within Management and Support Services. Additional Resources will be received in the latter half of the financial year from the Housing Benefits system in relation to Transitional Housing Benefit for clients receiving housing support through Homecare Services. There will be a substantial backdating element for claims made during this financial year, but ultimately this resource will serve to provide enhanced home support services to clients. It is anticipated that this additional resource may increase significantly as the number of claims are processed. Any potential increase in this anticipated additional resource will be reported to future Committees.

The projected over-recovery has been reduced from that stated in previous reports because the budget has been amended to reflect that part of Transitional Housing Benefit which has been formally committed i.e. the £680,000 referred to in para 3.5. Consequently, although the total income received from this source is in line with previous reports, the total over-recovery has reduced as a result of the budget re-alignment.

5. PROPOSED FUTURE STRATEGY

Previous reports detailed a number of agendas within Social Work where it was considered progress could be made to enhance service delivery by utilising, on a non-recurring basis, the projected underspend in community care monies in the current year. Three of these areas have been quantified and included within the main body of the report. The remaining three proposals are still under consideration and will be the subject of further reports to Committee.

6. FINANCIAL CONCURRENCE

6.1. The Director of Finance concurs with the financial information contained in this report and has been fully involved in its preparation.

7. RECOMMENDATIONS

7.1. It is recommended that:

- (i) Committee note the contents of this report;
- (ii) Await further updates on the remaining three proposals previously approved to enhance service delivery.



Jim Dickie
Director of Social Work
23rd January 2001

*For further information on this report please contact Ronnie Paul, Head of Social Work Resources
TEL: (01698 332023)*

FINANCIAL MONITORING REPORT

1 April 2001 to 4 January 2002

COMMITTEE: SOCIAL WORK

DIVISION : TOTAL SOCIAL WORK SUMMARY

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		% (6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCE (9)		% (10)
		£	£	£			£	£	£		
1.	EMPLOYEE COSTS	35,169,920	34,096,912	1,073,008	Underspend	3%	46,243,946	45,980,987	262,959	Underspend	1%
2.	PROPERTY COSTS	2,955,794	2,844,197	111,597	Underspend	4%	6,450,295	6,331,375	118,920	Underspend	2%
3.	SUPPLIES AND SERVICES	2,608,188	2,603,013	5,175	Underspend	0%	4,068,811	4,413,580	(344,769)	Overspend	-8%
4.	TRANSPORT & PLANT	1,952,302	2,395,888	(443,586)	Overspend	-23%	2,662,650	3,104,422	(441,772)	Overspend	-17%
5.	ADMINISTRATION COSTS	521,210	862,131	(340,921)	Overspend	-65%	914,312	1,258,555	(344,243)	Overspend	-38%
6.	PAYMENTS TO OTHER BODIES	25,540,318	23,109,613	2,430,705	Underspend	10%	31,673,638	31,080,873	592,765	Underspend	2%
7.	OTHER COSTS	404,421	356,854	47,567	Underspend	12%	525,881	463,908	61,973	Underspend	12%
8.	APPORTIONED EXPENSES	-	-	-			2,656,188	2,656,188	-		
9.	CAPITAL FINANCING CHARGES	-	-	-			1,276,000	1,276,000	-		
10.	TOTAL EXPENDITURE	69,152,153	66,268,608	2,883,545	Underspend	4%	96,471,721	96,565,888	(94,167)	Overspend	-0%
11.	INCOME	9,467,114	8,776,998	(690,116)	Under-rec.	-7%	18,175,946	18,874,972	699,026	Over-recov.	4%
12.	NET EXPENDITURE	59,685,039	57,491,610	2,193,429	Underspend	4%	78,295,775	77,690,916	604,859	Underspend	1%