

To: SOCIAL WORK COMMITTEE		Subject: BUDGET MONITORING REPORT 2002/2003 PERIOD 01.04.02 – 21.06.02 SOCIAL WORK
From: DIRECTOR OF SOCIAL WORK		
Date: 22 Aug 2002	Ref: RP/MY	

1. PURPOSE OF REPORT / INTRODUCTION

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

2. SUMMARY OF BUDGET VARIANCES

The out-turn projection shows that the department is anticipating an underspend of £56,859 at the financial year-end. Each area of expenditure has been reviewed in significant detail and significant variances are identified in section 4 of this report.

3. BUDGET RE-ALIGNMENT

The department is now in receipt of a significant number of new funding sources to enable it to cope with the demands of changing Community Care agendas e.g. Transitional Housing Benefit, Fare Care for the Elderly. These new monies will require to be allocated across all budget areas where services are to be developed and expanded. In the current year there will be slippage in expenditure as these services are brought on line. The department has undertaken an exercise to review all budget heads and to this end a number of re-alignments are proposed in the following areas: -

- 3.1 North Lanarkshire has the highest levels of physical disability of any authority in Scotland. The Council has invested heavily in recent years in services to provide the necessary supports to people with a disability to allow them to remain within their own homes. The budgets available for this purpose have been consistently inadequate to meet demand and therefore to that end, it is proposed that non-recurring monies be put into this area. £1 million of the overspend within Property Costs relates to expenditure of £500,000 for the provision of equipment by the Social Work department to clients to allow them to remain within their own homes. The balance of £500,000 relates to expenditure on top up Improvement Grants and Adaptations work previously carried out by the Housing department. It is proposed that a budget virement of £1m be carried out to enhance the budget for Equipment and Adaptations. The virement will involve a budget transfer from Employee Costs as a result of underspends from the slippage in expenditure in the lead in period required to develop and expand new and existing services.

3.2 The projected overspend of £1,011,887 within Supplies and Services relates to £500,000 leasing costs of Computer Equipment to allow the department to keep up to date with new care agendas and an additional £500,000 which relates to the department's overspend within its Capital Program for the year 2002/03. The Capital overspend relates largely to expenditure to upgrade the new Equipment Store and the Information and Assessment Unit at Fern Street Motherwell as well as additional expenditure planned for the re-furbishment of property at Emma Jay Road. It is therefore proposed, that a virement of £500,000 be carried out from the above mentioned underspends within Employee Costs to provide a budget for Capital Expenditure Financed from Current Revenue.

Previous Committee reports have informed that expenditure on vital computer equipment has been necessary to assist the department to meet Community Care agendas. The department intends to re-align budgets which were intended to assist with this process into the areas where expenditure is being incurred. This will entail a virement of £500,000 which will have the effect of significantly reducing the projected overspend.

3.2 Administration Costs is a further area which has been subject to historical overspends. Once again the department intends to re-align monies which were received to assist the department to cope with new agendas, into the areas where relevant expenditure is being incurred. An additional budget virement in this area will have the effect of significantly reducing the projected overspend.

4. EXPLANATION OF MAJOR OUT-TURN VARIANCES

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 Costs £2,800,000 Under-spend

The projected underspend in this area is a result of vacancies within a number of divisions in the department. A number of reports presented to the Social Work Committee in the previous financial year highlighted that the department had been experiencing problems recruiting, particularly in the areas of Social Workers and Homecare Workers. Towards the end of the last financial year, as a result of a successful advertising campaign, the department began to experience an increase in the uptake of posts but this process has been slow and it is anticipated that there will be slippage in this area in the year 2002/03. It is expected however, that this area will be subject to change as the recruitment drive progresses in the new financial year and consequently, further reports will update the position for Committee.

4.1.2 Property Costs £1,118,782 Over-spend

The projected overspend in this area is a result of an initial overspend of £118,000 in Property Rates. This is caused by expenditure being incorrectly coded. The department intend to carry out a number of budget re-alignments to correct this. In addition, expenditure of £1m for Equipment and Adaptations referred to in section 3.1 is included within the projected overspend. The proposed budget virement will address this overspend in subsequent periods.

4.1.3 Supplies and Services £1,011,887 Over-spend

The projected overspend is a result of a high level of expenditure in the area of computer equipment. This has been necessary to cope with demands of the new Community Care agendas. The budget for this expenditure is held over a number of different areas and it is the department's intention to carry out a re-alignment to ensure that expenditure is correctly aligned to budget. The re-alignment for computer equipment totals £511,887. The balance of £500,000 included within the projected overspend relates to planned capital Expenditure at Fern Street, Motherwell and Emma Jay Road, Bellhill. The proposed budget virement referred to in section 3.2 will address this in subsequent periods.

4.1.4 Transport and Plant £217,132 Over-spend

The projected overspend in this area is a result of a high level of expenditure on staff travel. A historical corporate saving requested from the department at re-organisation, had the effect of reducing the budget. However, the changing agenda within Social Work, particularly in the area of Homecare, has caused a significant and unavoidable increase in activity in this area and as a result, an overspend is anticipated at the year end. The projected overspend is expected to be significantly lower than in previous years as the department has applied new budget allocations to this area to cope with increased demand for service.

4.1.5 Administration Costs £276,000 Over-spend

There will be a projected overspend in this area, 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 projected overspend in this area follows the pattern of expenditure over the past few years to meet the needs of increased service requirements in areas such as Supporting People and general Community Care. In the previous financial year, this area out-turned at £616,055 overspent, but the department intends to carry out a number of budget re-alignments from new allocations to correct the deficit in this area.

4.1.6 Payments to Other Bodies £78,312 Over-spend

This projected overspend is a result of a high level of expenditure in Childcare Budgets. Senior Officers within the department will meet to discuss this area in detail and ascertain the potential impact of legislative changes for the department. Further reports will update Committee on this area.

4.1.7 Income £41,028 Under-recovery

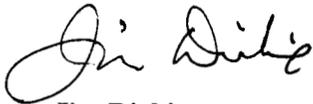
Transitional Housing Benefit is now a significant income source for the department and in the previous financial year, £7.045m was actually received. For the year 2002/03, the approved budget has been increased from £5.3m to £7.1m in line with anticipated income for the year. Similar to previous years, it is expected that this resource may increase as the number of claims are processed during the year. Further Committee reports will update on progress in this area. The small under-recovery projected relates to the area of Homecare Income but it is expected that as the year progresses and new initiatives develop, this area may be subject to review.

5. FINANCIAL CONCURRENCE

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

6. RECOMMENDATIONS

- 6.1. It is recommended that Committee note the contents of this report and approve the budget alignments noted in section 3.



Jim Dickie
Director of Social Work
12th August 2002

*For further information on this report please contact Ronnie Paul, Head of Social Work Resources
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FINANCIAL MONITORING REPORT

1 April 2002 to 21 June 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	9,541,951	10,004,901	(462,950) Overspend	-5%	54,136,771	51,336,771	2,800,000 Underspend	5%
2.	PROPERTY COSTS	797,431	704,581	92,850 Underspend	12%	6,092,900	7,211,682	(1,118,782) Overspend	-18%
3.	SUPPLIES AND SERVICES	600,046	677,213	(77,167) Overspend	-13%	3,528,590	4,540,477	(1,011,887) Overspend	-29%
4.	TRANSPORT & PLANT	475,765	688,648	(212,883) Overspend	-45%	3,382,539	3,599,671	(217,132) Overspend	-6%
5.	ADMINISTRATION COSTS	133,388	208,177	(74,789) Overspend	-56%	3,120,086	3,396,086	(276,000) Overspend	-9%
6.	PAYMENTS TO OTHER BODIES	8,287,058	6,857,854	1,429,204 Underspend	17%	40,976,553	41,054,865	(78,312) Overspend	-0%
7.	OTHER COSTS	159,459	88,599	70,860 Underspend	44%	691,183	691,183	-	0%
8.	APPORTIONED EXPENSES	-	-	-		2,694,740	2,694,740	-	
9.	CAPITAL FINANCING CHARGES	-	-	-		1,940,582	1,940,582	-	
10.	TOTAL EXPENDITURE	19,995,098	19,229,973	765,125 Underspend	4%	116,563,944	116,466,057	97,887 Underspend	0%
11.	INCOME	897,937	413,546	(484,391) Under-rec.	-54%	31,691,278	31,650,250	(41,028) Under-recovery	-0%
12.	NET EXPENDITURE	19,097,161	18,816,427	280,734 Underspend	1%	84,872,666	84,815,807	56,859 Underspend	0%