

To: SOCIAL WORK COMMITTEE		Subject: BUDGET MONITORING REPORT 2003/2004 01.04.03 – 31.03.04 SOCIAL WORK – PROVISIONAL OUT-TURN
From: DIRECTOR OF SOCIAL WORK		
Date: 20 MAY 2004	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 provisional out-turn shows an underspend of £292,823 at the financial year-end. This is a decrease of £159,177 in the underspend from the previous report, which is the result of a number of movements in the projected variances such as additional spend on computer equipment to support service initiatives
- 2.2. Significant additional expenditure has been incurred during the year in the areas of Supplies and Services, Administration and Transport. This is due to the increasing demands on the department as a result of new agendas and legislation. These overspends however, have been offset by additional income in relation to Resource Transfer, additional income from the Scottish Executive in terms of Supporting People Grant for Pipeline Projects and Criminal Justice Grant exceeding Budget levels for the year. Each area of expenditure has been reviewed in significant detail and out-turn variances are highlighted in section 4.
- 2.3. The department has been in receipt of a significant number of new funding sources to enable it to cope with the demands of changing community care agendas and the provisional figure includes the following budget virements which were approved at Social Work Committees during the year:-
- ◆ £700,000 to assist in the reduction of waiting lists for Equipment and Adaptations
 - ◆ £100,000 to assist with Homecare and provision of Community Alarms
 - ◆ £89,000 to assist with CFCR expenditure for home improvement top-up grants
 - ◆ £450,000 to assist with cost pressures within Transport and Administration as a result of new agendas
 - ◆ £372,411 to fund the shortfall brought about by the council decision to defer the implementation of a charging system for Housing Support

In addition, in the second half of the year 2003/04, Social Work Committee approved increases to the departmental budget to take account of the following initiatives:-

- ◆ £1m one off allocation from Council Surpluses to further enhance the Adaptations Budget
- ◆ £1.2m additional allocation from The Scottish Executive in relation to the transfer of Residential Allowance. This was allocated in the form of a re-determination of Revenue Support Grant

- ◆ £299,000 additional allocation from The Scottish Executive in relation to Supporting People Pipeline projects

The impact of all of these proposals has been reflected within the department's budget for the year.

- 2.4. There has been significant income generated through the receipt of Supporting People Grant in 2003/04. This additional resource has been utilised to provide housing support packages to clients who require them in order to remain within their own home. The total Grant received in the year was £24.151m and income and expenditure budgets have been inflated accordingly. It should be noted however, that the Grant received from The Scottish Executive was reduced by £0.9m in relation to "duplicate claims". These claims have subsequently been validated by council staff, and lengthy correspondence has taken place between the council and The Scottish Executive in an attempt to challenge this decision. A final response is awaited on this issue which will also have major repercussions for the new financial year. The overall expenditure on Supporting People for the year 2003/04 has been in excess of £25m and the unfunded element, as a result of the disputed claims, has been offset by underspends in other areas.
- 2.5. In April 2003, a Special Social Work Committee gave approval for the department to offer incentives to Social Workers to both join and remain with the department for a 3-year period. The department is making provision over three years to fund this policy. The additional costs to the department, which for the year 2003/04 total £0.9m, are being covered by development monies.
- 2.6. With regard to the overall departmental performance, the increased expenditure within the areas noted in 2.2, is offset by additional income generated through Resource Transfer and Criminal Justice Grant, coupled with underspends within staffing costs as a consequence of the continued delays in the recruitment and appointment of Social Workers and slippage in a number of development areas.

3. BUDGET VIREMENT

- 3.1. It is proposed that an additional £14,011 be vired from the Budget for Adaptations into CFCR to assist with the provision of Top-Up Grants for home improvements to enable disabled clients to live independently within their own homes.

4. EXPLANATION OF MAJOR OUT-TURN VARIANCES

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

4.1.1. Employee Cost £932,866 Under-spend

There have been considerable cost pressures in the area of Residential Children's Homes during the year where, historically staffing budgets have been deficient, and the department will continue to address issues within this sector. However, these problems have been offset by allocations of development monies into staffing costs with a view to tackling the new agendas faced by the department. Previous reports to Committee have highlighted that the department has for some time been experiencing problems recruiting Social Workers and consequently this has had a detrimental effect on the ability to provide services. The high profile advertising campaigns of the last two years have proved successful and there has been a significant increase in the uptake of posts but the process has been slow and slippage has continued into the financial year 2003/04. The department is still holding a number of vacancies across all divisions of service as a result of these well documented problems in recruitment and retention and, whilst the budget in this area has been significantly increased, difficulties in recruiting the additional staff required have continued and have resulted in the underspend at the end of the financial year.

4.1.2. Property Costs £33,967 Under-spend

The underspend of £33,967 is net of a shortfall of £161,219 in spend on the growth item for adaptations due to delays experienced in the delivery of equipment, ordered in the final months of the year to assist with redressing client waiting list. This, coupled with lower than anticipated expenditure on rents and utilities in a number of units totalling £45,186, has resulted in an underspend in this financial year.

The underspend on adaptations will be regarded as committed expenditure within the Council's overall year-end balances to be applied in the 2004/05 financial year.

4.1.3. Supplies and Services £733,480 Over-spend

The overspend in this area has increased from that reported previously to Committee. This is 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 overspend on Computer Equipment totalled £443,000 while the outlay of £147,000 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 the balance of the overspend is a result of increased expenditure on Homecare Uniforms (£56,000) and general client provisions (£87,000). These overspends will be offset by underspends in other areas.

4.1.4. Transport and Plant £145,744 Over-spend

The overspend in this area is mainly within Management and Support Services. The overspend is a result of increased expenditure of £100,000 incurred within the travel and subsistence budget. The origin of this 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. As noted in section 2.3, the department has allocated additional monies from within its own development budgets to this area in the course of the year in an attempt to reduce the cost pressures but the increasing new Homecare agenda facing the department has necessitated increased travel for staff and therefore actual costs being incurred in this area have increased significantly while budgets have not increased proportionately.

The balance of the overspend relates to increased demand for client transport to Day Centres.

4.1.5. Administration Costs £822,006 Over-spend

This overspend is largely 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, totalling £433,000, 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. As noted in section 2.3, the department has allocated additional monies from within its own development budgets to this area in the course of the year in an attempt to reduce the cost pressures. There has also been additional expenditure of £50,000 incurred for advertising, as a direct result of the Homecare Recruitment Drive noted in 4.1.1. Finally, included in this area is a provision for doubtful debt incurred by the department totalling £250,000.

4.1.6. Payment to Other Bodies £325,903 Under-spend

The underspend in this area is a result of a number of factors. Firstly, expenditure within Childcare Budgets has exceeded budget by £500,000. This expenditure however, has been offset by slippage in a number of development areas, notably monies set aside to provide long term care for the elderly. Slippage in care packages in this area totalled £700,000. Finally there has been general slippage in payments made to voluntary organisations totalling £125,903. These underspends serve to offset overspends in other areas of the budget.

4.1.7. **Income**

£700,519

Over-recovered

The over-recovery in income is a result of a number of significant factors. The main reason for the over-recovery is that Criminal Justice Grant income from The Scottish Executive exceeded budgeted levels by £240,000. In addition, the department also received an additional £299,000 from the Scottish Executive in relation to Supporting People Pipeline projects. Finally, there has also been an additional £161,519 received in the form of Resource Transfer from the Health Board..

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.



P.P

Jim Dickie
Director of Social Work
20th May 2004

For further information on this report please contact Ronnie Paul, Head of Social Work Resources
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NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT 1 APRIL 2002 TO 31 MARCH 2004

SOCIAL WORK DEPARTMENT

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (3)	PROVISIONAL OUT-TURN (4)	PROVISIONAL OUT-TURN VARIANCES (5)	VARIANCE (8)	% (9)
		£	£	£		
1.	EMPLOYEE COSTS	65,648,130	64,715,264	932,866	Underspend	1%
2.	PROPERTY COSTS	8,735,966	8,701,999	33,967	Underspend	0%
3.	SUPPLIES AND SERVICES	4,470,964	5,204,444	(733,480)	Overspend	-16%
4.	TRANSPORT & PLANT	4,083,820	4,229,564	(145,744)	Overspend	-4%
5.	ADMINISTRATION COSTS	1,907,188	2,729,194	(822,006)	Overspend	-43%
6.	APPORTIONED EXPENSES	2,583,922	2,583,922	-	On Target	
7.	CFCR	89,011	89,011	-	On Target	0%
8.	PAYMENTS TO OTHER BODIES	62,771,319	62,445,416	325,903	Underspend	1%
9.	CAPITAL FINANCING CHARGES	1,940,582	1,940,582	-	On Target	
10.	OTHER COSTS	631,193	630,395	798	Overspend	0%
11.	TOTAL EXPENDITURE	152,862,095	153,269,791	(407,696)	Overspend	0%
12.	OTHER GRANTS	7,000,566	7,241,392	240,826	Over-recovered	3%
13.	FEEES AND CHARGES	2,672,961	2,693,245	20,284	Over-recovered	1%
14.	CHARGES TO CAPITAL	-		-		
15.	DEPARTMENTAL RECHARGE	-		-		
16.	OTHER	39,882,196	40,321,605	439,409	Over-recovered	1%
17.	TOTAL INCOME	49,555,723	50,256,242	700,519	Over-recovered	1%
18.	NET EXPENDITURE	103,306,372	103,013,549	292,823	Underspend	0%