

**Report To:** Health & Social Care Committee      **Date:** 28 August 2014

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Inverclyde Community Health &  
Care Partnership

Jan Buchanan  
Head of Finance

**Report No:** SW/02/2014/LB

**Contact Officer:** Lesley Bairden      **Contact No:** 01475 712257

**Subject:** Health & Social Care Committee – Financial Report Outturn  
2013/14 and 2014/15 as at Period 3 to 30 June 2014.

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to advise the Health and Social Care Committee of the 2013/14 Revenue Outturn position and of the Revenue and Capital Budget current year position as at Period 3 to 30 June 2014.

## **2.0 SUMMARY**

### **REVENUE OUTTURN 2013/14**

- 2.1 The Social Work revenue budget was £47,932,000 with a final underspend of £61,000 (0.13%). The main items contributing to the Social Work underspend were:
- Turnover savings of £518,000, which partly offset an overspend within external homecare
  - Early achievement of savings £242,000
  - Client Commitment costs within Learning Disabilities of £331,000, addressed in 2014/15 by additional pressure funding.
  - Client Commitment costs with Older People of £448,000 relating to homecare and residential and nursing care services. This position within Older People's Services reflects the national position for 2013/14.

### **REVENUE PROJECTION 2014/15**

- 2.2 The Social Work revised budget is £49,185,000 with a projected overspend of £164,000 (0.33%). This is primarily due to current client commitment costs within Older People's Services, offset in part by turnover and running cost savings. This overspend is net of Residential Childcare, Fostering and Adoption as any under / over spend is managed through the approved earmarked reserve. At period 3, it is projected that there will be a transfer of £703,000 to the reserve at 31 March 2015; however this will be subject to the CHCP containing the Older Peoples cost pressures within budget.
- 2.3 It should be noted that the 2014/15 budget includes agreed savings for the year of £1,732,000 with a projected over recovery of £77,000 from early implementation.

## **CAPITAL 2014/15**

- 2.4 The Social Work capital budget is £195,000 of which £115,000 relates to Kylemore retentions, with any subsequent underspend on completion to be returned to the Council's capital programme. £80,000 relates to the expansion of the Hillend Respite Unit from 3 to 4 beds.
- 2.5 The CHCP Sub-Committee agreed to the replacement of Neil Street and Crosshill Children's Homes at its meeting on 24 April 2014. The replacement programme is funded through a contribution from the Residential Childcare, Adoption & Fostering earmarked reserve and prudential borrowing. The project planning phase is April 2014 to May 2015, with build work to commence 2015/16.

## **EARMARKED RESERVES 2014/15**

- 2.6 The Social Work Earmarked Reserves for 2014/15 total £3,005,000 with £2,619,000 projected to be spent in the current financial year. To date £481,000 spend has been incurred which is 18% of the projected 2014/15 spend. The spend to date per profiling was expected to be £256,000 therefore projects advanced equate to £225,000 (188%).

It should be noted that the reserves reported exclude those earmarked reserves that relate to cash flow smoothing, namely:

- Children's Residential Care, Adoption & Fostering
- Deferred Income.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the 2013/14 year revenue budget underspend of £61,000 as at 31 March 2014.
- 3.2 The Committee note the current year revenue budget and projected overspend of £164,000 for 2014/15 as at 30 June 2014.
- 3.3 The Committee note that the CHCP Director will work to contain the projected overspend within the overall Social Work budget for the year.
- 3.4 The Committee note the current projected capital position:
- Social Work capital projected to budget at £238,000 in the current year and on target over the life of the projects.
  - Replacement Children's Homes to be added to the CHCP Sub-Committee report at period 5.
- 3.5 The Committee note the current Earmarked Reserves position.
- 3.6 The Committee delegate the 2014/15 Revenue and Capital Budgets to the CHCP Sub-Committee.

**Brian Moore**  
**Corporate Director**  
**Inverclyde Community Health & Care**  
**Partnership**

**Jan Buchanan**  
**Head of Finance**

## 4.0 BACKGROUND

- 4.1 The purpose of the report is to advise the Committee of the 2013/14 revenue outturn position, the current position of the 2014/15 Social Work revenue and capital budget and to highlight the main issues contributing to the 2014/15 £164,000 projected revenue over spend and the current capital programme position.
- 4.2 The current year revenue position is detailed in Appendix 1, Appendix 2 provides the capital position. Appendix 3 provides detail of earmarked reserves. Appendix 4 provides detail of the employee cost variance by service.

## 5.0 2013/14 REVENUE OUTTURN: £61,000 UNDERSPEND

- 5.1 The table below sets out the 2013/14 outturn to budget for Social Work

## 5.2 SOCIAL WORK £61,000 UNDERSPEND

	Revised Budget 2013/14	Outturn 2013/14	Variance to Budget	
	£'000	£'000	£'000	%
Strategy	2,048	2,005	(43)	(2.10%)
Older People	21,103	21,541	438	2.08%
Learning Disabilities	5,892	6,159	267	4.53%
Mental Health	1,412	1,308	(104)	(7.37%)
Children & Families	9,418	9,070	(348)	(3.70%)
Physical & Sensory	2,366	2,465	99	4.18%
Addictions / Substance Misuse	1,237	1,033	(204)	(16.49%)
Support / Management	2,238	2,128	(110)	(4.92%)
Assessment & Care Management	1,646	1,576	(70)	(4.25%)
Criminal Justice	0	0	0	0
Homelessness	633	647	14	2.21%
<b>Total</b>	<b>47,993</b>	<b>47,932</b>	<b>(61)</b>	<b>(0.13%)</b>

- 5.3 The key reasons for the underspend:

a. **Strategy: £43,000 (2.10%) underspend**

The underspend was mainly due to vacancy and secondment savings.

b. **Older Persons: £483,000 (2.08%) overspend**

The overspend was mainly a result of Homecare which overspent by £332,000. There was also an overspend of £62,000 within Residential and Nursing purchased places, per the number of clients receiving care, net of additional charging order income of £64,000.

c. **Learning Disabilities: £267,000 (4.53%) overspend**

This was primarily due to the costs of client residential and daycare packages.

d. **Mental Health: £104,000 (7.37%) underspend**

This related to legal costs of £30,000 relating to guardianship issues, along with client package underspends, vacancy savings offset by premises costs.

e. **Children & Families: £348,000 (3.70%) underspend**

The main reason for the underspend was slippage in filling vacant posts combined with projected savings in overtime and sessional staff costs.

The underspend within residential childcare, adoption and fostering of £789,000 was transferred to the earmarked reserve set up to smooth budgetary pressures.

f. **Physical & Sensory: £99,000 (4.18%) overspend**

The overspend was primarily due to client commitment costs.

g. **Addictions / Substance Misuse: £204,000 (16.49%) underspend**

The underspend was due to:

- £120,000 employee cost vacancy savings, net of sessional backfill costs.
- £25,000 running costs, in part due to level of vacancies.
- £60,000 underspend on client commitment costs.

h. **Support / Management: £110,000 (4.92%) underspend**

The projected underspend was a result of turnover.

i. **Assessment & Care Management: £70,000 (4.25%) underspend**

The underspend mainly related to vacancies.

j. **Homelessness: £14,000 (2.21%) overspend**

The overspend was due to costs of conversion of the additional two rooms, along with the increased costs of Housing Support.

## 6.0 2014/15 CURRENT REVENUE POSITION: £164,000 PROJECTED OVERSPEND

6.1 The projected overspend of £164,000 (0.33%) for the current financial year is predominantly due to client commitment cost within Older Person's Services offset, in part, by turnover, both within Internal Homecare and other Services. The material projected variances are identified, per service, below:

a. **Older Persons: Projected £354,000 (1.66%) overspend**

The projected overspend is mainly a result of continued increasing costs in Homecare which is projected to overspend by £228,000. There is a projected overspend of £103,000 within Residential and Nursing purchased places, per the current number of clients receiving care.

This reflects the continued increasing trend from 2013/14 and is representative of the national position. A budget pressure paper will be presented to the Council's Corporate Management Team in August identifying the current and future projected pressures.

b. **Learning Disabilities: Projected £45,000 (0.71%) overspend**

The projected overspend relates to turnover a number of running cost budgets, including transport, offset in part by turnover savings. It should be noted that the current year budget includes £350,000 pressure funding of which £130,000 is projected to be spent in full but not yet committed as this relates to a client who is expected to transition to the Service later in the year.

There is a further budget increase of £200,000 in 2015/16 reflecting the pressures expected within this service

**c. Mental Health: Projected £48,000 (3.74%) underspend**

The projected underspend is primarily due to turnover of £62,000, of which £32,000 relates to early achievement of a saving.

**d. Children & Families: Projected £31,000 (0.30%) underspend**

The main reason for the underspend is turnover of £58,000 offset in part by a number of minor overspends in running cost budgets.

There is a significant projected underspend within residential childcare, adoption and fostering of £703,000, however given the volatile nature of the service and the high cost implications this is impossible to predict and, in line with the agreed strategy, the under or over spend at year end will be transferred to or from the earmarked reserve set up to smooth budgetary pressures. This will be subject to the containment of cost pressures with Older Peoples Services.

It should be noted that a one off contribution from this reserve has been agreed as part of the funding structure on the Reprovision of Children's Homes. This funding structure also includes permanent virement from the Residential Schools budget to fund the annual cost of loans charges in financial years 2015/16 and 2016/17.

**e. Addictions / Substance Misuse: Projected £74,000 (6.53%) underspend**

The projected underspend is due to £39,000 employee cost vacancy savings along with a projected underspend in client package costs, in line with 2013/14.

**f. Assessment & Care Management: Projected £78,000 (4.64%) underspend**

The projected underspend mainly relates to turnover from vacancies along with a projected £19,000 underspend on respite provision in line with 2013/14 costs.

## **7.0 2014/15 CURRENT CAPITAL POSITION – £nil Variance**

7.1 The Social Work capital budget is £4,831,000 over the life of the projects with £195,000 for 2014/15, comprising:

- £115,000 for Kylemore Children's Home retentions, with any final underspend being returned to the Council's Capital Programme.
- £80,000 to expand the Hillend respite unit.

7.2 The CHCP Sub-Committee agreed to the replacement of Neil Street and Crosshill Children's Homes at its meeting on 24 April 2014. The replacement programme is funded through a contribution from the Residential Childcare, Adoption & Fostering earmarked reserve and prudential borrowing. The project planning phase is April 2014 to May 2015, with build work to commence 2015/16.

7.3 Appendix 3 details capital budgets and progress by individual project.

## **8.0 EARMARKED RESERVES**

8.1 The Social Work Earmarked Reserves for 2014/15 total £3,005,000 with £2,619,000 projected to be spent in the current financial year. To date £481,000 spend has been incurred which is 18% of the projected 2014/15 spend. The spend to date per profiling was expected to be £256,000 therefore projects advanced equate to £225,000 (188%).

It should be noted that the reserves reported exclude those earmarked reserves that relate to cash flow smoothing, namely:

- Children’s Residential Care, Adoption & Fostering
- Deferred Income.

**9.0 VIREMENT**

9.1 All virement approvals are requested via the CHCP Sub-Committee as part of the delegated budget. The impact of all requested virements to the CHCP Sub-Committee is reflected within this report.

**10.0 IMPLICATIONS**

**10.1 Finance**

All financial implications are discussed in detail within the report above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

**10.2 Legal**

There are no specific legal implications arising from this report.

**10.3 Human Resources**

There are no specific human resources implications arising from this report

**10.4 Equalities**

There are no equality issues within this report.

**10.5 Repopulation**

There are no repopulation issues within this report.

**11.0 CONSULTATION**

11.1 This report has been prepared by the Corporate Director, Inverclyde Community Health & Care Partnership and relevant officers within Partnership Finance have been consulted.

**12.0 BACKGROUND PAPERS**

12.1 There are no background papers for this report.

**SOCIAL WORK****REVENUE BUDGET PROJECTED POSITION****PERIOD 3: 1 April 2014 - 30 June 2014**

2013/14 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over/(Under) Spend £000	Percentage Variance
	<b>SOCIAL WORK</b>					
25,250	Employee Costs	25,976	26,042	25,375	(667)	(2.56%)
1,431	Property costs	1,453	1,453	1,468	15	1.03%
919	Supplies and Services	808	808	933	125	15.47%
482	Transport and Plant	366	384	453	69	17.97%
1,021	Administration Costs	879	878	950	72	8.20%
32,751	Payments to Other Bodies	33,457	33,681	34,271	590	1.75%
(13,922)	Income	(13,877)	(14,061)	(14,101)	(40)	0.28%
	Contribution to Earmarked Reserves				0	
<b>47,932</b>	<b>SOCIAL WORK NET EXPENDITURE</b>	<b>49,062</b>	<b>49,185</b>	<b>49,349</b>	<b>164</b>	<b>0.33%</b>

2013/14 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over / (Under) Spend £000	Percentage Variance
	<b>SOCIAL WORK</b>					
2,005	Strategy	2,112	2,071	2,067	(4)	(0.19%)
21,541	Older Persons	20,971	21,277	21,631	354	1.66%
6,159	Learning Disabilities	6,251	6,303	6,348	45	0.71%
1,308	Mental Health	1,382	1,284	1,236	(48)	(3.74%)
3	9,070 Children & Families	10,228	10,174	10,143	(31)	(0.30%)
	2,465 Physical & Sensory	2,272	2,253	2,254	1	0.04%
	1,033 Addiction / Substance Misuse	1,193	1,134	1,060	(74)	(6.53%)
	2,128 Support / Management	2,220	2,269	2,253	(16)	(0.71%)
	1,576 Assessment & Care Management	1,690	1,681	1,603	(78)	(4.64%)
1	0 Criminal Justice / Scottish Prison Service	0	0	0	0	0.00%
2	0 Change Fund	0	0	0	0	0.00%
	647 Homelessness	743	739	754	15	2.03%
	Contribution to Earmarked Reserves				0	0.00%
<b>47,932</b>	<b>SOCIAL WORK NET EXPENDITURE</b>	<b>49,062</b>	<b>49,185</b>	<b>49,349</b>	<b>164</b>	<b>0.33%</b>

( ) denotes an underspend per Council reporting conventions

1 £1.9m Criminal Justice and £0.3m Greenock Prison fully funded from external income hence nil bottom line position.

2 Change Fund Expenditure of £1.2 million fully funded from income.

3 Children & Families outturn includes £703k to be transferred to the earmarked reserve at year end 2014/15

4 £9 million Resource Transfer / Delayed Discharge expenditure and income included above.

5 Original Budget 2014/15	49,062
Pay & Infaltion	123
Revised Budget 2014/15	49,185

6 There are currently 5 clients receiving Self Directed Support care packages.

**SOCIAL WORK - CAPITAL BUDGET 2014/15****Period 3: 1 April 2014 to 30 June 2014**

<u>Project Name</u>	<u>Est Total Cost</u>	<u>Actual to 31/3/14</u>	<u>Approved Budget 2014/15</u>	<u>Revised Est 2014/15</u>	<u>Actual to 30/06/14</u>	<u>Est 2015/16</u>	<u>Est 2016/17</u>	<u>Future Years</u>	<u>Start Date</u>	<u>Original Completion Date</u>	<u>Current Completion Date</u>	<u>Status</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>				
<b>SOCIAL WORK</b>												
Kylemore Childrens Home	1,244	1,129	115	115	0	0	0	0	01/10/11	30/06/12	19/03/13	The budget for 2014/15 relates to retentions and any underspend will be returned to the Council's capital programme.
SWIFT Finance Module	27	27	0	0	0	0	0	0	03/09/12		31/08/14	Budget allocated for Development and Implementation of SWIFT Finance module. No further capital costs expected.
Hillend Respite Unit (note 1)	80	0	80	80	0	0	0	0	28/05/14		02/09/14	Increase of one bed within respite unit. Final costs and phasing subject to tender.
Neil Street Childrens Home Replacement	1,858	0	0	0	0	1,775	83	0	01/04/14	31/03/16		Planning phase April 2014 to May 2015.
Crosshill Childrens Home Replacement	1,622	0	0	0	0		1,622	0	01/04/14	31/03/17		Planning phase April 2014 to May 2015.
<b>Social Work Total</b>	<b>4,831</b>	<b>1,156</b>	<b>195</b>	<b>195</b>	<b>0</b>	<b>1,775</b>	<b>1,705</b>	<b>0</b>				

Note:

1. The expansion of the service is funded from a contribution from revenue reserves, as agreed by Policy & Resources Committee 24/09/13.



**EARMARKED RESERVES POSITION STATEMENT  
CHCP SUB COMMITTEE**

**APPENDIX 3**

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 3 2014/15</u>	<u>Actual To Period 3 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Self Directed Support / SWIFT Finance Module	Derrick Pearce / Andrina Hunter	407	71	55	200	207	SDS project and SWIFT financial module. Spend plans are currently being reviewed.
Growth Fund - Loan Default Write Off	Helen Watson	28	0	1	3	25	Loans administered on behalf of DWP by the credit union and the Council has responsibility for paying any delinquent debt. This requires to be kept until all loans are repaid and no debts exist.
Change Fund - Older People	Brian Moore	1,422	42	278	1,422	0	Brought forward reflects Council elements of NHS Change Fund. Detailed costs by project are reviewed on a regular basis by the Change Fund Executive Group and position is reported to the CHCP sub committee as an integral part of the financial report. The New Funding of £1.128m has reduced by £100k as the agreed contribution to Caladh House has been transferred to the specific reserve.
Support all Aspects of Independent Living	Brian Moore	403	89	101	403	0	There are plans in place to spend the £403k, including a contribution to the 2014/15 Sheltered Wardens' saving of £70k, along with a £70k spend on the Dementia Strategy. The agreed £48k for Caladh House Renovations has now been transferred to the specific Caladh House reserve.
Information Governance Policy Officer	Helen Watson	57	15	10	41	16	The spend relates to the Council's Information Governance Officer.
Joint Equipment Store	Beth Culshaw	50	0	0	50	0	This reserve is to fund a range of equipment to meet the emerging demand linked to increasing frailty of older people and increased incidence of dementia.
Support for Young Carers	Sharon McAlees	65	17	5	40	25	This reserve is for an 18 month period to enable the implementation of a family pathway approach to young carers, which will aim to develop a sustainable service to young carers and their families. The recruitment process took longer than anticipated, hence slippage against profiled spend.

**EARMARKED RESERVES POSITION STATEMENT  
CHCP SUB COMMITTEE**

**APPENDIX 3**

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 3 2014/15</u>	<u>Actual To Period 3 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Caladh House Renovations	Beth Culshaw	475	0	0	375	100	This reserve has been created to contribute to the costs of the Caladh House renovation works. The reserve was established at the end of 2013/14 from a £145k revenue budget early savings, £112k from CHCP inflation, £118k from existing CHCP Earmarked Reserves and £100k from the Change Fund. A start date has not yet been agreed and as the contribution from the Change Fund will be utilised first, it is considered prudent at this stage to allow for a carry over of £100k into the 2015/16 financial year. This assumption will be reviewed when more information is available regarding the start date for the project.
Making Advice Work	Helen Watson	38	10	9	25	13	This reserve is to fund an 18 month project to pilot the effectiveness of a telephone triage financial advice service for Inverclyde wide clients with the funding coming from Scottish Legal Aid Board.
Stress Management Services	Helen Watson	10	0	10	10	0	Funding has been received from the Health Board for a contract with Inverclyde Physiotherapy to provide stress management services.
Welfare Reform - CHCP	Andrina Hunter	50	12	12	50	0	This reserve is to fund expenditure on Welfare Reform within the CHCP.
<b>Total</b>		<b>3,005</b>	<b>256</b>	<b>481</b>	<b>2,619</b>	<b>386</b>	

## APPENDIX 4

### EMPLOYEE COST VARIANCES

**PERIOD 3: 1 April 2014 - 30 June 2014**

<b>ANALYSIS OF EMPLOYEE COST VARIANCES</b>	Early Achievement of Savings £000	Turnover from Vacancies £000	Total Over / (Under) Spend £000
<b>SOCIAL WORK</b>			
1 Strategy	0	(4)	(4)
2 Older Persons	0	(372)	(372)
3 Learning Disabilities	(12)	(35)	(47)
4 Mental Health	(32)	(30)	(62)
5 Children & Families	0	(58)	(58)
6 Physical & Sensory	0	2	2
7 Addiction / Substance Misuse	0	(39)	(39)
8 Support / Management	0	(16)	(16)
9 Assessment & Care Management	0	(64)	(64)
10 Criminal Justice / Scottish Prison Service	0	(8)	(8)
11 Homelessness	0	1	1
<b>SOCIAL WORK EMPLOYEE UNDERSPEND</b>	<b>(44)</b>	<b>(623)</b>	<b>(667)</b>

- 1 Underspend arising from turnover
- 2 Currently 29 vacancies along with maternity leave savings - NB offset by external costs
- 3 Early achievement of saving on 1 post. Currently 5 vacancies which are in the process of being filled
- 4 Early achievement of saving on 1 post. Currently 2 vacancies which are in the process of being filled
- 5 Currently 5 vacancies along with maternity leave savings
- 6 Variance not significant
- 7 Currently 5 vacancies which are in the process of being filled
- 8 Currently 3 vacancies
- 9 Currently 3.5 vacancies along with maternity leave savings
- 10 Underspend arising from turnover
- 11 Variance not significant