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**Report To:** Health & Social Care Committee    **Date:** 22 October 2015

**Report By:** Brian Moore  
Chief Officer  
Inverclyde Health & Social Care  
Partnership

**Report No:** FIN/100/15/AP/FMcL

Alan Puckrin  
Chief Financial Officer

**Contact Officer:** Fiona McLaren    **Contact No:** 01475 712652

**Subject:** Revenue & Capital Budget Report 2015/16 - Period 5 as at 31 August 2015

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Health and Social Care Committee on the position of the Revenue and Capital Budgets for the current year as at Period 5 to 31 August 2015.

## 2.0 SUMMARY

- 2.1 The Social Work revised budget is £49,232,000 with a projected overspend of £163,000 (0.33%), which is a decrease in the overspend of £296,000 since reported at period 3. The main elements of this overspend are:

- External homecare £411,000 reflecting current package costs, including some vacancy cover; this continues the trend from 2014/15. This and the following issue have been raised as a budget pressure in the 2016/18 budget requesting an extra £300,000 from 2017/18 which is on top of the £250,000 extra funding already approved for 2016/17.
- Residential & Nursing overspend of £45,000 per current client profile.
- Homelessness £137,000 due to under occupancy of temporary furnished flats and the Inverclyde Centre which is in line with the 2014/15 out-turn.

Offset in part by:

- Vacancies within internal homecare of £193,000.

- 2.2 The reduction in the overspend assumes that the current projected overspend of £428,000 on Children & Families external residential accommodation can be met from the earmarked reserves. This would require the Committee and thereafter the Policy & Resources Committee to agree to prudentially borrow £1.1 million to fund the reprovision of the Neil Street Children's Home thus freeing up £1.1 million from the earmarked reserve. The required funding of £75,000 would come from the recently approved Kinship Care funding on the basis that the Council currently meets the majority of the criteria for which the funding was allocated.
- 2.3 It should be noted that the 2015/16 budget includes agreed savings for the year of £1,073,000 with a current projected under recovery of £110,000 due to delays against original plans. This shortfall is reflected in the projected outturn above.
- 2.4 The Chief Officer and Heads of Service will continue to work to mitigate the projected overspend as the year progresses, and take opportunities to reduce expenditure as opportunities arise.

- 2.5 There was an error in the capital expenditure profile reported to the last Committee and this has now been corrected to reflect the current expected expenditure. The projected spend in 2015/16 is now £383,000, with spend to date of only £8,000. This represents slippage of 43.6% against the Neil St Children's Home Replacement project which is scheduled to be complete by November 2016.
- 2.6 The Social Work Earmarked Reserves for 2015/16 total £2,600,000 with £2,439,000 projected to be spent in the current financial year. To date £547,000 spend has been incurred which is 22.4% of the projected 2015/16 spend, which is 5% ahead of the phased budget.
- 2.7 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 That the Committee note the current year revenue budget and projected overspend of £163,000 for 2015/16 as at 31 August 2015.
- 3.2 That the Committee request that the Policy & Resources Committee agree to allocate £75,000 from the recently approved Kinship Care funding to prudentially fund £1.1 million of the cost of the Children's Homes rather than a one off contribution from the Residential Accommodation earmarked reserve.
- 3.3 That the Committee note that the HSCP Chief Officer will continue work to contain the projected overspend within the overall Social Work budget for the year.
- 3.4 That the Committee note the revised projected capital position.
- 3.5 That the Committee note the current earmarked reserves position.

**Brian Moore**  
**Chief Officer**  
**Inverclyde Health & Social Care**  
**Partnership**

**Alan Puckrin**  
**Chief Financial Officer**

## 4.0 BACKGROUND

4.1 The purpose of the report is to advise the Committee of the current position of the 2015/16 Social Work revenue and capital budgets and to highlight the main issues contributing to the 2015/16 £163,000 projected revenue overspend.

## 5.0 2015/16 CURRENT REVENUE POSITION: £163,000 PROJECTED OVERSPEND (0.33%)

5.1 The main elements of this overspend are:

- External homecare £411,000 reflecting current package costs, including some vacancy cover; this continues the trend from 2014/15. This and the following issue have been raised as a budget pressure in the 2016/18 budget requesting an extra £300,000 from 2017/18 which is on top of the £250,000 extra funding already approved for 2016/17.
- Residential & Nursing overspend of £45,000 per current client profile.
- Homelessness £137,000 due to under occupancy of temporary furnished flats and the Inverclyde Centre

Offset in part by:

- Vacancies within internal homecare of £193,000.

The material projected variances are identified per service below:

### a. **Children & Families: Projected £147,000 (1.42%) underspend**

The projected underspend is £466,000 less than projected at period 3. The main reason for the change in projection relates to the proposed use of £1.1 million prudential funding rather than earmarked reserves for the replacement Children's Homes costs. If approval can be granted by the Policy & Resources Committee to allocate £75,000 from the recently approved Kinship Care funding to prudentially fund the £1.1 million cost of the Children's Homes, then the earmarked reserve can be utilised to meet the current projected overspend of £428,000 on residential accommodation.

The underspend comprises turnover of £85,000, underspends on client package costs of £100,000 offset by a number of small overspends.

### b. **Older People: Projected £363,000 (1.67%) overspend**

The projected overspend is £363,000 which is an increase of £199,000 since period 3. Homecare and Residential and Nursing purchased places have been raised as budget pressures in the 2016/18 budget requesting an extra £300,000 from 2017/18 which is on top of the £250,000 extra funding already approved for 2016/17. The projected overspend comprises:

- additional external provider costs in Homecare of £411,000 (an increase of £19,000).
- vacancies within internal Homecare of £193,000 (a decrease of £33,000).
- savings still to be identified and employee costs overspends totalling £65,000.
- a projected overspend of £45,000 within Residential and Nursing purchased places, per the current number of clients receiving care. This was projected as a £103,000 underspend at period 3 (an increase of £148,000) and has changed due to a net increase of 19 clients. £100,000 funding from the Delayed Discharge earmarked reserve has been used to reduce the projected overspend to £45,000.
- Various overspends totalling £35,000.

There will be ongoing monitoring of this budget with some flexibility to further contain costs within the Integrated Care Fund and Delayed Discharge funding.

### c. **Learning Disabilities: Projected £3,000 (0.04%) overspend**

The projected overspend of £3,000 was previously an underspend of £32,000. The projected overspend comprises:

- £181,000 underspend on client commitments (a decrease of £206,000 due to new & changed care packages),
- £57,000 overspend on transport costs (an increase of £19,000 due to external hires and non routine vehicle costs),
- £77,000 shortfall in income received from other local authorities (an improvement of £21,000 since period 3),

- £34,000 overspend in employee costs due to additional support costs (a decrease of £23,000),
- £11,000 overspend on catering in the day centre (a decrease of £5,000).

The transport and employee costs relate to client packages and a review of budgets will be undertaken to align these to reflect current activity and package costs.

The current year budget includes £360,000 pressure funding (£200,000 from the 2013/15 budget and £160,000 2015/17 budget). The current projection includes an assumption that costs will be incurred for new clients and clients moving from a hospital to a community care setting, the timings of which are not yet known. Work is ongoing with the service to identify the costs and timings of new packages.

In addition to the revenue budget, a further £40,000 pressure funding was added to earmarked reserves for equipment.

d. **Physical & Sensory: Projected £76,000 (3.52%) underspend**

The projected underspend is £3,000 less than previously reported and is due to £12,000 overspend on transport costs, a projected underspend in client package costs of £19,000 and an over-recovery of income of £64,000.

e. **Assessment & Care Management: Projected £48,000 (3.39%) underspend**

The projected underspend mainly relates to turnover from vacancies.

f. **Mental Health: Projected £37,000 (3.24%) underspend**

The projected underspend is £1,000 more than in period 3 and is primarily due to turnover of £23,000 and a client commitment underspend of £71,000 based on current vacancies and client package costs.

g. **Homelessness: Projected £137,000 (18.68%) overspend**

The projected overspend of £137,000 is £19,000 less than previously projected due to reduced rental costs. The projected overspend reflects the under occupancy of the Inverclyde Centre and the temporary furnished flats, which is a continuing trend from 2014/15. A report on Homelessness services will be presented to the January Committee.

h. **Planning, Improvement & Health Commissioning: Projected £35,000 (1.78%) underspend**

The projected underspend is due to turnover from vacancies. There are additional costs being incurred in this area for the Afghan Refugee Resettlement Scheme which are being fully funded by Central Government.

## 6.0 2015/16 CURRENT CAPITAL POSITION – £288,000 slippage

6.1 The Social Work capital budget is £3,567,000 over the life of the projects with £356,000 reprofiled budget for 2015/16, comprising:

- £356,000 for the replacement of Neil Street Children's Home,
- £10,000 to finalise the expansion of the Hillend respite unit.

6.2 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 of £1.1 million. It is proposed that the Policy & Resources Committee be requested to agree to allocate £75,000 from the recently approved Kinship Care funding to prudentially fund the £1.1 million cost of the Children's Homes, which would allow the earmarked reserve to be utilised to meet the current projected overspend of £428,000 on Children's external residential accommodation. Building work is due to commence 2015/16 on Neil Street, with completion in 2016 when the building work will begin on Crosshill.

6.3 There was an error in the figures included in the Period 3 monitoring report which significantly overstated the projected spend in 2015/16. This has now been corrected and there is slippage in the 2015/16 budget of £288,000 (43.5%) against the Neil St Children's Home Replacement project which is scheduled to be complete by November 2016. Appendix 3 details capital

budgets and progress by individual project.

## 7.0 EARMARKED RESERVES

- 7.1 The Social Work earmarked reserves for 2015/16 total £2,600,000 with £2,439,000 projected to be spent in the current financial year. To date £547,000 spend has been incurred which is 22.4% of the projected 2015/16 spend. Appendix 4 details the individual earmarked reserves.
- 7.2 Within the earmarked reserves for 2015/16 is £821,000 relating to the Integrated Care Fund. This is the Council's share of a total allocation to Inverclyde of £1,700,000, with the balance funding a number of NHS projects. The funding has been allocated as follows:

Project	£000
Strategic needs analysis admin support	8
Independent sector integration partner	26
Community resources systems development	20
WOOPi	21
Community connectors transition funding	21
Housing	25
Reablement	700
<b>Total funding</b>	<b>821</b>

Separate reports will be provided during the year to Committee on the Integrated Care Fund.

- 7.3 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.

## 8.0 VIREMENT

- 8.1 Appendix 5 details the virements that the Committee is requested to approve. All virements are reflected within this report.

## 9.0 OTHER INFORMATION

- 9.1 Work is ongoing to assess the impact and any financial implications of the national minimum wage and those related to changes to sleepover shifts.
- 9.2 Appendix 6 contains details of the employee cost variances by service.

## 10.0 IMPLICATIONS

### Finance

10.1 Financial Implications:

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
Capital	Children's Home	1.4.16	1100		Prudential Borrowing Funded from new Government Grant for Kinship Care

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments

**Legal**

10.2 There are no specific legal implications arising from this report.

**Human Resources**

10.3 There are no specific human resources implications arising from this report.

**Equalities**

10.4 Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

**Repopulation**

10.5 There are no repopulation issues within this report.

**11.0 CONSULTATIONS**

11.1 This report has been jointly prepared by the Chief Officer, Inverclyde Health & Social Care Partnership and the Chief Financial Officer.

**12.0 BACKGROUND PAPERS**

12.1 There are no background papers for this report.

**Social Work Budget Movement - 2015/16****Period 5: 1st April - 31st August 2015**

Service	Approved Budget		Movements				Revised Budget
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transfers to/ (from) Earmarked Reserves £000	2015/16 £000	
Children & Families	10,344	0	60	(53)	0	0	10,350
Criminal Justice	0	0	0	0	0	0	0
Older Persons	21,346	0	489	(70)	0	0	21,765
Learning Disabilities	6,413	0	0	196	0	0	6,610
Physical & Sensory	2,156	0	0	4	0	0	2,160
Assessment & Care Management	1,584	0	0	(83)	0	(84)	1,417
Mental Health	1,106	0	0	38	0	0	1,144
Addiction / Substance Misuse	1,039	0	0	0	0	0	1,039
Homelessness	732	0	0	0	0	0	732
Planning, HI & Commissioning	2,065	0	0	(84)	0	0	1,981
Business Support	1,980	0	0	54	0	0	2,034
<b>Totals</b>	<b>48,767</b>		<b>548</b>	<b>1</b>	<b>0</b>	<b>(84)</b>	<b>49,232</b>

**Supplementary Budget Detail**

£000

External ResourcesInternal ResourcesSavings/Reductions

0

SOCIAL WORKREVENUE BUDGET PROJECTED POSITIONPERIOD 3: 1 April 2015 - 31 August 2015

2014/15 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend £000	Percentage Variance
25,250	Employee Costs	25,236	25,341	25,019	(323)	(1.27%)
1,431	Property costs	1,361	1,388	1,230	(159)	(11.42%)
919	Supplies and Services	740	737	808	71	9.59%
482	Transport and Plant	371	381	466	85	22.45%
1,021	Administration Costs	735	759	845	86	11.26%
32,751	Payments to Other Bodies	34,613	35,132	35,341	209	0.60%
(13,922)	Income	(14,288)	(14,423)	(14,229)	193	(1.34%)
<b>47,932</b>	<b>TOTAL NET EXPENDITURE</b>	<b>48,767</b>	<b>49,316</b>	<b>49,479</b>	<b>163</b>	<b>0.33%</b>
	Contribution to Earmarked Reserves	0	(84)	(84)		
<b>47,932</b>	<b>TOTAL NET EXPENDITURE</b>	<b>48,767</b>	<b>49,232</b>	<b>49,395</b>	<b>163</b>	<b>0.33%</b>

2014/15 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over (Under) Spend £000	Percentage Variance
9,793	Children & Families	10,344	10,350	10,203	(147)	(1.42%)
0	Criminal Justice	0	0	0	0	0.00%
21,716	Older Persons	21,346	21,765	22,128	363	1.67%
6,395	Learning Disabilities	6,413	6,610	6,612	3	0.04%
2,128	Physical & Sensory	2,156	2,160	2,084	(76)	(3.52%)
1,477	Assessment & Care Management	1,584	1,501	1,453	(48)	(3.20%)
1,020	Mental Health	1,106	1,144	1,107	(37)	(3.24%)
1,097	Addiction / Substance Misuse	1,039	1,039	1,051	12	1.11%
873	Homelessness	732	732	869	137	18.68%
2,037	Planning, HI & Commissioning	2,065	1,981	1,946	(35)	0.00%
2,219	Business Support	1,980	2,034	2,027	(7)	(0.34%)
<b>48,755</b>	<b>TOTAL NET EXPENDITURE</b>	<b>48,767</b>	<b>49,316</b>	<b>49,479</b>	<b>163</b>	<b>0.33%</b>
	Contribution to Earmarked Reserves	0	(84)	(84)		
<b>48,755</b>	<b>TOTAL NET EXPENDITURE excluding transfers to EMR</b>	<b>48,767</b>	<b>49,232</b>	<b>49,395</b>	<b>163</b>	<b>0.33%</b>

## Notes:

1 £1.6M Criminal Justice and £0.3M Greenock Prison fully funded from external income hence nil bottom line position.



**APPENDIX 3**

**SOCIAL WORK - CAPITAL BUDGET 2014/15**

**Period 5: 1 April 2015 to 31 August 2015**

<u>Project Name</u>	<u>Est Total Cost</u>	<u>Actual to 31/3/15</u>	<u>Approved Budget 2015/16</u>	<u>Revised Est 2015/16</u>	<u>Actual to 31/08/15</u>	<u>Est 2016/17</u>	<u>Est 2017/18</u>	<u>Future Years</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>								
Hillend Respite Unit	87	77	10	10	0	0	0	0
Neil Street Childrens Home Replacement	1,858	114	661	346	8	1,369	29	0
Crosshill Childrens Home Replacement	1,682	0	0	0	0	157	1,435	90
<b>Social Work Total</b>	<b>3,627</b>	<b>191</b>	<b>671</b>	<b>356</b>	<b>8</b>	<b>1,526</b>	<b>1,464</b>	<b>90</b>

**EARMARKED RESERVES POSITION STATEMENT  
HEALTH & SOCIAL CARE COMMITTEE**

**APPENDIX 4**

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2014/15</u>	<u>New Funding Reserves</u>	<u>New Funding Other 2015/16</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 5 2015/16</u>	<u>Actual To Period 5 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 &amp; Beyond</u>	<u>Lead Officer Update</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>	
Self Directed Support / SWIFT Finance Module	Derrick Pearce / Andrina Hunter	132		84	216	77	88	132	84	SWIFT (£9k) & SDS (£123k). Work is continuing on the implementation of SDS & the SWIFT financial module.
Growth Fund - Loan Default Write Off	Helen Watson	27			27	0	0	2	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.
Integrated Care Fund/ Delayed Discharge	Brian Moore	0		1,349	1,349	306	351	1,349	0	The Integrated Care Fund is new funding to be received. Funding is currently being allocated to a number of projects including reablement, housing and third sector & community capacity projects. The total funding may change as the year progresses. Delayed Discharge funding is also be received and work is underway to allocate that to specific projects, including overnight home support and out of hours support.
Support all Aspects of Independent Living	Brian Moore	231			231	26	14	231	0	This reserve includes the Dementia Strategy of £70k and a contribution of £150k from NHS for equipment.
Support for Young Carers	Sharon McAlees	43			43	14	15	43	0	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.
Caladh House Renovations	Beth Culshaw	449			449	5	7	449	0	Options for reprovision of service are being considered.
Welfare Reform - CHCP	Andrina Hunter	44		118	162	79	53	153	9	This reserve is to fund Welfare Reform within the CHCP. New Funding of £118k was allocated from P&RCommittee. The funding is being used for staff costs and projects, including Grand Central Savings, Inverclyde Connexions, starter packs and financial fitness.
Funding for Equipment - Adults with Learning Disabilities		0	40		40	0	2	40		This reserve is for the purchase of disability aids within Learning Disabilities and will be fully spent in 15/16 on the replacement of equipment that is no longer fit for purpose.
Information Governance Policy Officer	Helen Watson	0	83		83	13	17	40	43	The spend relates to the Council's Information Governance Officer.
<b>Total</b>		<b>926</b>	<b>123</b>	<b>1,551</b>	<b>2,600</b>	<b>520</b>	<b>547</b>	<b>2,439</b>	<b>161</b>	

**HEALTH & SOCIAL CARE COMMITTEE****VIREMENT REQUESTS**

Budget Heading	Increase Budget	(Decrease) Budget
	£'000	£'000
1. Assessment & Care Management - income		(41)
1. Delayed Discharge - income	41	
1. Assessment & Care Management - PTOB	84	
1. Service Strategy - PTOB		(84)
1. Children & Families - income		(49)
1. Business Support - income	49	
2. Older People - PTOB	489	
2. Children & Families - PTOB	59	
3. Assessment & Care Management - PTOB		(84)
4. Various - transport	1	
	<b>723</b>	<b>(258)</b>

## Notes

1. Realignment of budgets to reflect management responsibility
2. Inflation allocation
3. Transfer to EMR for Self Directed Support
4. Transport budgets realigned corporately

**APPENDIX 6**

**EMPLOYEE COST VARIANCES**

**PERIOD 5: 1 April 2015 - 31 August 2015**

<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	Children & Families	0	(85)	(85)
2	Criminal Justice	0	(38)	(38)
3	Older Persons	0	(129)	(129)
4	Learning Disabilities	0	34	34
5	Physical & Sensory	0	(6)	(6)
6	Assessment & Care Management	0	(38)	(38)
7	Mental Health	0	(23)	(23)
8	Addiction / Substance Misuse	0	(7)	(7)
9	Homelessness	0	16	16
10	Strategy	0	(34)	(34)
11	Business Support	0	(12)	(12)
<b>SOCIAL WORK EMPLOYEE UNDERSPEND</b>		<b>0</b>	<b>(323)</b>	<b>(323)</b>

- 1 Currently 11 vacancies along with maternity leave savings, with 6 of these posts potentially not filled this year.
- 2 Currently 7 vacancies which are in the process of being filled
- 3 Currently 41 vacancies along with maternity leave savings - NB offset by external costs due to recruitment issues
- 4 Currently 11 vacancies of which 9 are in the process of being filled, however turnover target & additional cover arrangements mean that there is currently an overspend predicted.
- 5 Currently 3 vacancies which are in the process of being filled
- 6 Currently 7 vacancies of which 4 are in the process of being filled
- 7 Currently 6 vacancies which are in the process of being filled
- 8 Variance not significant
- 9 Variance not significant
- 10 Variance not significant
- 11 Currently 3 vacancies which are in the process of being filled