

## ABERDEEN CITY COUNCIL

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**COMMITTEE:** Social Care and Wellbeing

**DATE:** 14 January 2009

**DIRECTOR:** Fred McBride and City Chamberlain

**TITLE OF REPORT:** 2009/10 REVENUE BUDGET MONITORING

**REPORT NUMBER:** SCW/09/034

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee members notice the current year revenue budget performance to date for the services which relate to this Committee; and
  - ii) advise on any areas of risk and management action.

### 2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- i) consider and note this report and the information on management action and risks that is contained herein; and
  - ii) instruct that officers continue to review budget performance and report on service strategies to ensure a balanced budget.

### 3. FINANCIAL IMPLICATIONS

- 3.1. The total Social Care and Wellbeing budget, amounts to around £111 million net expenditure.
- 3.2. Based upon present forecasts it is anticipated that the financial performance of the service will result in an adverse movement on the Council finances overall. This position will be reflected in the overall financial monitoring for the Council when it is reported to Finance and Resources Committee at the end of this Committee cycle.
- 3.3. Further details of the financial implications are set out in section 6 and the appendices attached to this report.

#### **4. SERVICE & COMMUNITY IMPACT**

- 4.1. As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore Committees and services are required to work within a financial constraint. Every effort is being focused on delivering services more efficiently and effectively.

#### **5. OTHER IMPLICATIONS**

- 5.1. Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

#### **6. REPORT**

- 6.1 This report informs members of the current year revenue budget performance to date, for the service's budget and provides high level summary for the consideration of Members, to period 7 (to end of October 2009). It also outlines whether or not there are any cost pressures that are immediately identifiable from the expenditure incurred to date and actions being undertaken to manage these.

- 6.2 The service report and associated notes are attached at Appendices A to F

##### **Financial Position and Risks Assessment**

- 6.3 At this time, the following continuing areas of risk are highlighted together with management action being taken.

- 6.3.1 There are significant pressures on the Adults community care budgets. Care commitments are currently £4.7m above budget. As previously reported this position reflects additional pressures on needs led services. Further management action is required to bring the commitment level back in line with budget. Actions being taken include vacancy management to achieve savings on staff costs; savings on costs from purchased day care by greater use of in-house day care for older people; increased income through rigorous application of the charging policy and savings on care packages as they are reviewed.

- 6.3.2** There are also significant pressures on the Children's residential school and external fostering budgets. Previous reports to Budget Monitoring Board have outlined a 26% increase in referrals to children's services over the last 12 months, together with a 34% increase in children on the child protection register. The total number of children in foster care has increased by 17% over the same period. Commitments for external residential and fostering services are currently £2.4m above budget. This reflects the additional pressures outlined above and savings not yet achieved. The review of all remaining young people who are looked after and accommodated continues to progress.
- 6.3.3** There are also additional pressures in areas where it has not been possible to complete savings action plans on time. The table below outlines savings achieved to date, together with proposed management actions to achieve full year savings target.

<b>Savings Description</b>	<b>Full Year Budget Saving £000</b>	<b>Savings achieved to date £000</b>	<b>Explanation/management action</b>	<b>Projected Saving £000</b>
re-commissioning of externally provided children's services	260	200	We are continuing to meet with providers from the voluntary sector with a view to meeting the remainder of the savings.	260
children's services staffing and management review	300	84	Prior to the service redesign, £300k of savings was identified. The review of services and redesign evidences that these savings are no longer achievable while ensuring safe operational practice. Additional work is underway to identify other potential savings to offset this.	84
externalisation of Learning Disability specialist day service	63	0	Garden Crafts was due to transfer to a voluntary sector provider. The provider has pulled out of the transfer. Alternative providers/social enterprise organisations are being sought.	0
implementing charging for Learning Disability and Older People's day centre services	140	70	£70k achieved by implementation w.e.f. 1 <sup>st</sup> October. Further savings of £35k will be found in older people's day services.	105
redesign of Learning Disability day care services	150	130	This relates to a reduction in staffing of 5 posts in the Community Placement Team. 4 persons have been released or redeployed and 1 is likely to be offered voluntary severance, following unsuccessful attempts at redeployment. Savings will be recalculated once this post goes but total may not be more than £130,000. Additional savings will be made through efficiencies and vacancy savings within adult services.	130
redesign of Learning Disability day care services	350	0	The closure of Burnside Day centre is dependant on the provision of alternative opportunities in the community for people who meet the eligibility criteria for services. Due to the nature of the needs of the service user group we have extended the period for consultation and commissioning of services. Alternative savings are being sought, including closure of the kitchen with effect from 31 <sup>st</sup> July.	50

**6.3.4** It is noted that some savings have been fully achieved. These are as follows:

- i) Temporary closure of Seaton Family Centre (80k)
- ii) Children's Services, Early Years staff reduction (30k)
- iii) Reduction in Playscheme budget (50K)
- iv) Reduction in LD respite services (£150k)
- v) Mental Health, re-commissioning and de-commissioning of services (£204k)
- vi) Reduced staffing in office of chief Social Work Officer (£75k)
- vii) Reduced staffing in Adults Services (£50k)
- viii) Re-provisioning of transport, older people's services (£150k)
- ix) Closure of Croft House (£300k)
- x) Reduced staffing in older people's services (£801k)

**6.4** In overall terms at this stage, as set out in Appendix A, the position reflects current spend above budget of £5.0m, and a projected forecast overspend of £5.2m for the year, if the current trends continue to year end. The overspend projection may be summarised as follows:

	<u>£000</u>
Adults community care budget (see 6.3.1 above)	4,657
Childrens external residential placements (see 6.3.2 above)	2,431
Underspends on other Agencies costs	(1,169)
Underspend on employee costs	(6)
Underspends on other non-employee budgets	(864)
Shortfall on income	<u>120</u>
	<u>5,169</u>

**6.5** This is an improvement in projection since the report to the October Committee meeting of £1.3m. The following significant variations in forecast should be noted:

- i) It has been confirmed that £400k of severance related costs that were previously included within the service's expenditure totals will be met from earmarked sums in the General Fund balance
- ii) favourable variance on agency costs in adults services (anticipated reduction in the cost of care packages) £400k
- iii) anticipated saving on integrated drugs budget by not committing any further expenditure against this budget in this financial year, £463k

**6.6** The management actions outlined at paragraph 6.7 below have been instigated with a view to reducing the forecast overspend and it is anticipated that the impact of these actions will be to reduce the overspend by £3.1m. Further action is being examined and costed.

## Management Action

- 6.7 The following suite of measures has been instructed to all Social Work managers in order to maximise short term savings in an effort to bring the budget back into balance.
- All requests for the need to employ agency staff to be submitted to Head of Service for consideration by the Social Care Management Team
  - No overtime will be worked unless it is essential to cover our statutory service or is considered that there is a risk to “life or limb” – **all** overtime will only be agreed following approval of the Director or a Head of Service
  - Only essential purchases will be authorised and only with the approval of a Head of Service or the Operational Support Manager
  - Admissions to Care Homes, both from Hospital and Community, will be restricted to a minimum and allocated on the basis of assessment of need. Decisions will be scrutinised at Head of Service/Director level
  - There will be no further increase in care packages for the remainder of this financial year
  - There will be no further purchased day care for the remainder of this financial year
  - External Respite commitments will be reduced or stopped for the remainder of this financial year
  - There will be no recommendations for external placements and firm gate keeping arrangements for children will be in place
  - Uncommitted balances will be taken as savings as approved by Heads of Service
  - Travel outwith the City will be approved on an exceptional basis only
  - There will be no further conferences/external training for the remainder of this financial year
  - 10/11 savings proposals to be brought forward in 09/10 wherever possible
- 6.8 Action has also been taken to source additional resources to complement the existing finance support for the service in order to ensure the robustness and accuracy of the figures being reported. This work is ongoing.

## **7. REPORT AUTHOR DETAILS**

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Additional contributions to analysis of risks and management action by Director & Heads of Service – Social Care & Wellbeing.

## **8. BACKGROUND PAPERS**

Financial ledger data extracted for the period;