

WIRRAL COUNCIL

CABINET: 24 MAY 2007

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

SOCIAL SERVICES BUDGETARY CONTROL

Executive Summary

This report presents Cabinet with the final report of the Audit Commission review of budget monitoring arrangements in Social Services. Cabinet are asked to note the report and improvements that are being made as set out in the Audit Action Plan. The report focuses on Adult Social Services but reference is made to actions by the Directors of Children and Young People and Finance.

1 Background

- 1.2 Arising from the reported overspend in 2004-05 and the 2005 Annual Audit and Inspection letter, the Audit Commission conducted a detailed review of the then Social Services Department's budget monitoring arrangements.
- 1.3 The review took place during February 2006 and was updated during August and October 2006 to reflect the progress being made in the Department of Adult Social Services and the accounts for 2005-06. The review did not include Children and Young People but some of the recommendations apply to that department.

2 Main Findings

- 2.1 The report concludes that following the 2004-05 overspend, there has been a clear commitment by officers and Members to address the significant financial pressures being faced by Social Services as demand for services and expectations continue to rise. Improved procedures and reporting in 2005/06 lead to the allocation of additional resources during the year. The final overspend was £1 million.
- 2.2 The report recognises that the Council has provided significant additional resources in 2006-07 and 2007-08, across the Adults and Children and Young People's Departments, and acknowledges the further improved procedures for budgetary control and reporting during 2007.
- 2.3 The level of debt with PCTs was commented upon and this has been the subject of a report to the Finance and Best Value Overview and Scrutiny Committee on 4th April 2007, which indicated progress is being made in assuring Health's liability.

- 2.4 The report sets out a number of recommendations to further strengthen budget monitoring arrangements. These are set out in the Audit Action Plan attached to this report which includes a commentary of the Directors of Adult Social Services, Children and Young People, and Finance Departments to the Auditors findings and recommendations.
- 2.5 The Audit, and associated activity, has been helpful in assisting the Departments focus on the areas needing most attention, particularly during a time when the Council is undergoing a significant period of change.

3 Assessment

- 3.1 The report whilst identifying areas to be improved recognises significant progress has been made to strengthen delegated budget management and reporting procedures within the Department of Adult Social Services. This is also recognised in the Annual Audit Letter and Joint Inspection of Older People's Services published in April 2007.
- 3.2 In 2006-07 the improvements in projecting demand and the cost implications over the medium term resulted in the early identification of a potential significant overspend. This was addressed by a Budget Recovery Plan including more regular reports to the Social Care, Health and Inclusion Overview and Scrutiny Committee and its party spokes. These have highlighted the measures being taken and the reducing projected overspend achieved as a result. At the time of writing this report it is too early to report the final outturn for 2006-07 but signs are it is within the figure reported to members in March 2007 and may be slightly improved. This gives an indication of financial stability but members are reminded some of the measures are short term in nature and the pressure from increased demand has not abated. Whilst the Audit Report conveys the 'acid test' being the ability to achieve a balanced budget year on year, the Department maintains the view that effective financial management includes the identification of financial pressures and how they can be managed within a Business Planning context .
- 3.3 Cabinet are aware of the service delivery and financial pressures facing the Department and have recognised these in the Medium Term Financial Strategy although this will have to also be seen in context of the 3 Year Efficiency Plan. Most Councils with Social Services responsibilities report similar pressures and unless these are addressed in the Comprehensive Spending Review 2007 the budget will remain under pressure.
- 3.4 It is essential therefore that the most robust set of arrangements are put in place to effectively monitor and control the Department's budget, and plan for future demand. There will be further work undertaken by the Commission during 2007 to test the effectiveness of the new arrangements and these will be reported to Cabinet or Scrutiny Committees as appropriate.

4 Financial and Staffing Implications

4.1 The restructure of the Departments' Finance and Support Services Division by agreed by the Employment and Appointments Committee on 19th March 2007 refocuses capacity to strengthen budget management. This has been done at no additional cost to the Council.

5 Equal Opportunities Implications

5.1 None arising directly from this report

6 Human Rights Implications

6.1 None arising directly from this report

7 Community Safety Implications

7.1 None arising directly from this report

8 Local Member Support Implications

8.1 None arising directly from this report

9 Background Papers

9.1 Social Services Budgetary Control - Audit Commission Report January 2007

10 Recommendations

10.1 That Cabinet note the report and the improvements being made in the financial management of the Adults Social Services Department.

KEVIN MILLER
Director of Adult Social Services

Mike Fowler
Head of Service (Finance and Support)
Tel 666 3662