

Item: 5.2

Policy and Resources Committee: 19 September 2023.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2023 across each of the service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for the period 1 April to 30 June 2023, attached as Annex 1 to this report, indicating a budget overspend position of £2,811,700.

2.2.

The revenue financial detail by service area statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for the period 1 April to 30 June 2023, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

2.3.

The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to this report, in order to obtain assurance that action is being taken with regard to significant budget variances.

3. Background

3.1.

On 7 March 2023, the Council set its overall revenue budget for financial year 2023/24. On 20 June 2023, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2023/24, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure monitoring reports are circulated every month to inform elected members of the up-to-date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

3.3.

In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate corrective actions to remedy the situation.

3.4.

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- Variance of £10,000 and more than 110% or less than 90% of anticipated position (1B).
- Not more than 110% or less than 90% of anticipated position but variance greater than £50,000 (1C).

3.5.

Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements. As with individual cost centre variances, each of these Priority Actions requires an explanation and corrective action to be identified and these are shown in the Budget Action Plan.

3.6.

The details have been provided following consultation with the relevant Corporate Directors and their staff.

3.7.

The figures quoted within the Budget Action Plan by way of the underspend and overspend position will always relate to the position within the current month.

4. Financial Summary

4.1.

The financial summary for the period 1 April to 30 June 2023 is attached as Annex 1 to this report.

4.2.

The detail by Service Area statement is attached as Annex 2 to this report.

4.3.

The Budget Action Plan, attached as Annex 3 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified.

5. Corporate Governance

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

The Financial Regulations state that service directors are able to incur expenditure within an approved revenue budget. Such expenditure must be in accordance with the Council's policies or objectives subject to compliance with these Financial Regulations and approved schemes of delegation.

7. Legal Aspects

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

8. Contact Officer

Erik Knight, Head of Finance, extension 2127, Email erik.knight@orkney.gov.uk

9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Details by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary**June 2023**

The table below provides a summary of the position across all Service Areas.

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Social Care	7,216.4	4,404.7	2,811.7	163.8	26,382.6
Service Totals	7,216.4	4,404.7	2,811.7	163.8	26,382.6

Compared to last month, the total number of PAs has changed as follows:

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Social Care	10	12	12	100%
Totals	10	12	12	100%

The following tables show the spending position by service function

General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Social Care						
Administration - SW	1B	557.2	402.6	154.6	138.4	2,489.0
Childcare	1C	1,111.5	1,049.2	62.3	105.9	4,769.8
Older People - Residential	1B	1,965.9	1,288.1	677.8	152.6	5,996.2
Older People - Independent Sector	1B	132.0	67.4	64.6	195.8	239.3
Older People - Day Centres	1B	156.6	(9.3)	165.9	N/A	196.8
Disability	1B	1,642.2	490.0	1,152.2	335.1	4,426.6
Mental Health	1B	127.3	(0.4)	127.7	N/A	366.3
Other Community Care	1B	226.3	113.5	112.8	199.4	1,443.7
Occupational Therapy	1B	82.8	170.5	(87.7)	48.6	829.3
Home Care	1B	1,254.5	783.2	471.3	160.2	4,605.6
Criminal Justice	1B	(35.2)	27.2	(62.4)	N/A	180.1
Integrated Joint Board	1B	(4.7)	22.7	(27.4)	N/A	839.9
Service Total		7,216.4	4,404.7	2,811.7	163.8	26,382.6

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19A	Administration - SW More than anticipated expenditure by £154.6K £68k will be recouped from covid funding received later this year. The rest is due to Covid-19 costs which funding is no longer available for.	No action required The costs will be journalled out of Administration costs.	Stephen Brown	30/09/2023	New
R19C	Childcare More than anticipated expenditure by £62.3K Overspend due to substantial increases in the costs of food and fuel, several excursions for individual young people which are compliant with Care Plans and regulatory expectations, and staff vacancies which have needed to be backfilled by using Relief Staff at a higher cost.	Monitor the situation Staffing vacancies are being progressed – interviews have taken place. Options are being drawn up to identify alternative staff scheduling to cover statutory responsibilities. Budget meetings with finance colleagues are scheduled to scrutinise current budget pressures.	Maureen Swannie	25/08/2023	Ongoing
R19D	Older People - Residential More than anticipated expenditure by £677.8K Due to the use of agency staff to cover vacancies and long-term sickness to maintain safe staffing levels, increased facility costs and reduction in income.	Monitor the situation The service continues to adhere to all sickness/ absence policies with a view to returning staff to work where possible. The service continues to recruit and is considering new ways to attract people to the service.	Lynda Bradford	30/09/2023	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19E	<p>Older People - Independent Sector</p> <p>More than anticipated expenditure by £64.6K</p> <p>This is due to a number of people who have required care outwith Orkney.</p>	<p>Monitor the situation</p> <p>Discussions with other Agencies are being held and care packages are being reviewed.</p>	Lynda Bradford	30/09/2023	New
R19F	<p>Older People - Day Centres</p> <p>Less than anticipated income by £165.9K</p> <p>£154.6k of the less than anticipated income is a timing difference where monies will be received later in the year.</p>	<p>Monitor the situation</p> <p>Budget holders to monitor the situation.</p>	Lynda Bradford	30/09/2023	Ongoing
R19G	<p>Disability</p> <p>More than anticipated expenditure by £1,152.2K</p> <p>Due to the use of agency staff, increased service user needs and Quarter 1 budgeted payments and funding that will be received later in the financial year.</p>	<p>Monitor the situation</p> <p>Once funding due to is received this will bring expenditure closer into line with budget. The use of Agency Staff, increased user needs being met by external service providers and direct payment continues to be needed in order met user needs.</p>	Lynda Bradford	30/09/2023	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19H	<p>Mental Health Less than anticipated income by £127.7K</p> <p>This is a profiling issue where funding budgeted to be received in Quarter 1 will be received later in the year.</p>	<p>Monitor the situation Once funding is received the budget cost centre will come back broadly into line with the anticipated budget.</p>	Lynda Bradford	30/09/2023	Ongoing
R19I	<p>Other Community Care More than anticipated expenditure by £112.8K</p> <p>This is due to the need for agency staff within adult social work to ensure safe levels of service provision.</p>	<p>Monitor the situation Recruitment has not been successful to date, but a further round will be commenced.</p>	Lynda Bradford	30/09/2023	Ongoing
R19J	<p>Occupational Therapy Less than anticipated expenditure by £87.7K Funding received in advance of expenditure which is not yet utilised. Overall reduction in frozen meals activity.</p>	<p>Monitor the situation Monitor activity for spend coming into line. It is anticipated that the frozen meals service will continue to decline.</p>	Lynda Bradford	30/09/2023	Ongoing
R19K	<p>Home Care More than anticipated expenditure by £471.3K Significant vacancies and long term sickness exist leading to the use of agency staff to meet service delivery requirements..</p>	<p>Monitor the situation The service continues to adhere to all sickness/ absence policies with a view to returning staff to work where possible. The service continues to recruit and is considering new ways to attract people to the service.</p>	Lynda Bradford	30/09/2023	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19L	<p>Criminal Justice</p> <p>Less than anticipated expenditure by £62.4K</p> <p>As per last month's report, ring fenced funding received via SG this will correct itself over the term 23/24.</p>	<p>Raise virements request</p> <p>Service Manager is monitoring the funding and spend will be progressed as per annual delivery planning. Chief Finance Officer is aware and will be working with Budget Holders to reprofile budgets as appropriate.</p>	Maureen Swannie	01/03/2024	Ongoing
R19N	<p>Integrated Joint Board</p> <p>Less than anticipated expenditure by £27.4K</p> <p>Invoices will be received later in the financial year which will bring expenditure back into line with budget.</p>	No action required	Stephen Brown		Ongoing