

## **Item: 3**

**Orkney Health and Care Committee: 4 April 2019.**

### **Revenue Expenditure Monitoring.**

**Joint report by Chief Officer / Executive Director of Orkney Health and Care and Head of Finance.**

#### **1. Purpose of Report**

To advise of the revenue position as at 28 February 2019 across each of the service areas for which the Committee is responsible.

#### **2. Recommendations**

The Committee is invited to note:

##### **2.1.**

The revenue financial summary statement in respect of Orkney Health and Care for the period 1 April 2018 to 28 February 2019, attached as Annex 1 to this report, indicating an overspend position of £228,900.

##### **2.2.**

The revenue financial detail by Service Area statement in respect of Orkney Health and Care for the period 1 April 2018 to 28 February 2019, attached as Annex 2 to this report.

##### **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.

#### **3. Background**

##### **3.1.**

On 22 February 2018, the Council set its overall budget for financial year 2018 to 2019. On 17 April 2018, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

##### **3.2.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

### **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:

- £10,000 and 10% more or less than Anticipated position (1B).
- £50,000 more or less than Anticipated position (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 Executive Directors and their staff. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

### **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 2018 to 28 February 2019 is attached as Annex 1 to this report.

### **4.2.**

The details 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 governance and 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**

### **6.1.**

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.

### **6.2.**

Additional expenditure requirements identified during the financial year can only be approved by means of a spending recommendation to the Policy and Resources Committee, subject to the use of emergency powers.

### **6.3.**

A pay increase of 3% is included in the base budget for 2018 to 2019 which is yet to be agreed. The estimated cost of the backpay from 1 April 2018 to 28 February 2019 is £382,700 across Orkney Health and Care which would increase the current overspend position to £611,600.

## **7. Legal Aspects**

Financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

## **8. Contact Officers**

Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care, extension 2616, Email [sally.shaw@orkney.gov.uk](mailto:sally.shaw@orkney.gov.uk).

Gareth Waterson, Head of Finance, extension 2103, Email [gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@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**

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

<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/Under Spend</b>		<b>Annual Budget £000</b>
			<b>£000</b>	<b>%</b>	
Social Care	15,668.6	15,439.7	228.9	101.5	18,989.9
<b>Service Totals</b>	<b>15,668.6</b>	<b>15,439.7</b>	<b>228.9</b>	<b>101.5</b>	<b>18,989.9</b>

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

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P10</b>	<b>P11</b>		
Social Care	3	5	12	42%
<b>Totals</b>	<b>3</b>	<b>5</b>	<b>12</b>	<b>42%</b>

## Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

<b>Social Care</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/Under £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Administration - SW		865.6	878.2	-12.6	98.6	2,034.1
Childcare		3,033.4	3,042.9	-9.5	99.7	3,630.6
Elderly - Residential	<b>1C</b>	4,868.5	4,768.6	99.9	102.1	5,517.7
Elderly - Independent Sector		307.1	312.0	-4.9	98.4	337.8
Elderly - Day Centres		462.7	475.5	-12.8	97.3	529.7
Disability		4,388.6	4,383.6	5.0	100.1	5,276.1
Mental Health	<b>1B</b>	177.5	206.2	-28.7	86.1	232.1
Other Community Care	<b>1C</b>	722.4	660.1	62.3	109.4	765.2
Occupational Therapy		356.6	367.4	-10.8	97.0	414.0
Home Care	<b>1C</b>	3,279.1	3,116.4	162.7	105.2	3,577.3
Criminal Justice	<b>1B</b>	24.6	54.5	-29.9	45.0	43.2
Integrated Joint Board		-2,817.5	-2,825.7	8.2	99.7	-3,367.9
<b>Service Total</b>		<b>15,668.6</b>	<b>15,439.7</b>	<b>228.9</b>	<b>101.5</b>	<b>18,989.9</b>

### Changes in original budget position:

Original Net Budget	18,176.8
Contingency Fund Pressure Bid - Residential Childcare	372.0
Contribution to OHAC from Out of Orkney Placement Fund	411.1
Redeterminations WSA Youth Justice	25.0
Redetermination - Child Poverty Action Reports	5.0
	<b>18,989.9</b>

## Annex 3: Budget Action Plan

### Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19D	<p><b>Elderly - Residential</b></p> <p>More than anticipated expenditure by £99.9K</p> <p>There have been significant absences within the residential care units. As a result, there has been double running costs and the reliance on agency staff to ensure that the service remains within staffing levels agreed with the care inspectorate.</p>	<p><b>Monitor the situation</b></p> <p>The Care Home Managers robustly follow the guidance in the sickness policy. However, it is increasingly apparent that with an ageing workforce some staff are experiencing significant and long-term ill health issues which cause absences for a far longer time than the allowance built into the budgets.</p>	John Trainor	31/03/2019	Ongoing
R19H	<p><b>Mental Health</b></p> <p>Less than anticipated expenditure by £28.7K</p> <p>There have been vacancies within the team throughout the year.</p>	<p><b>Monitor the situation</b></p> <p>We are actively looking at alternative staff models in relation to this service area.</p>	John Trainor	31/03/2019	New
R19I	<p><b>Other Community Care</b></p> <p>More than anticipated expenditure by £62.3K</p> <p>There was a proposal to introduce charges to services, but this has not commenced.</p>	<p><b>Monitor the situation</b></p> <p>There is an application to the general fund contingency to cover this shortfall in budget.</p>	John Trainor	31/03/2019	New

## Annex 3: Budget Action Plan

### Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19K	<p><b>Home Care</b></p> <p>More than anticipated expenditure by £162.7K</p> <p>The demand for direct payments in lieu of Home Care continues to grow. Within in-house service there has been no ability to reduce the service to compensate as ageing population is continuing to increase.</p>	<p><b>Raise virements request</b></p> <p>The recognition of the impact of the overall Self-Directed Support Act has been raised with Members and further work is being undertaken to address this issue. In the short-term underspends from other budgets will be reallocated here.</p>	John Trainor	31/03/2019	Ongoing
R19L	<p><b>Criminal Justice</b></p> <p>Less than anticipated expenditure by £29.9K</p> <p>The variance is due to slight underspends at this stage of the year, across expenditure budgets. The underspend on staffing is due to the budgeted 3% pay increase from 1 April 2018 not yet being applied to salaries.</p>	<p><b>No action required</b></p> <p>This is a ring-fenced budget and the funding will be fully utilised by year end.</p>	Scott Hunter	31/03/2019	Ongoing