ITEM 1

ORKNEY HEALTH AND CARE COMMITTEE: 14 FEBRUARY 2017

REVENUE EXPENDITURE MONITORING REPORT AS AT 30 NOVEMBER 2016

JOINT REPORT BY CHIEF OFFICER/EXECUTIVE DIRECTOR, ORKNEY HEALTH AND CARE AND HEAD OF FINANCE

1. PURPOSE OF REPORT

1.1 To advise on the financial performance of Orkney Health and Care for the period 1 April to 30 November 2016.

2. RECOMMENDATIONS

The Committee is invited to note:-

2.1 the revenue expenditure statement in respect of Social Care for the period 1 April to 30 November 2016, indicating a General Fund overspend of £197.5K; and

2.2 the explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to this report.

3. POLICY ASPECTS

3.1 This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

4. INTRODUCTION

4.1 At its Special General Meeting held on 18 February 2016, as part of the budget setting process for 2016/17, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2016/17.

5. BACKGROUND

5.1 Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform committee members of the up to date financial position. Quarterly REMRs are being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.

5.2 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.

5.3 Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:-

5.3.1 £10,000 **and** 10% more or less than Anticipated position (1b);
5.3.2 £50,000 more or less than Anticipated position (1c).

5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements shown in Annex 1. 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 in Annex 2.

5.5 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.

5.6 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.

6. FINANCIAL SUMMARY

6.1 Annex 1 provides the detailed position by Service Area by Service Function. The table below provides a summary of the position across the Service Area.

	Spend	Budget	Over/Under Spend		Annual Budget
General Fund Services	**£000**	**£000**	**£000**	**%**	**£000**
Social Care	11,632.1	11,434.6	197.5	101.7	17,649.0
Service Totals	**11,632.1**	**11,434.6**	**197.5**	**101.7**	**17,649.0**

6.2 Across 1 service area and 12 service functions, 3 Priority Actions have been generated which identify the main areas of budget variance. The number of Priority Actions which are generated across a particular Service Area is an indicator of the level of control that exists across that service.

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

	No. of PAs		Service	PAs/
Service Area	**P7**	**P8**	**Functions**	**Function**
Social Care	4	3	12	25%
Totals	**4**	**3**	**12**	**25%**

6.4 The Budget Action Plan attached as Annex 2 provides an explanation and proposed corrective action for each of the Priority Actions identified.

7. FINANCIAL IMPLICATIONS

7.1 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.

7.2 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.

8. LEGAL ASPECTS

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

9. CONTACT OFFICERS

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9.2 Gareth Waterson, Head of Finance, Ext. 2103, E-mail: gareth.waterson@orkney.gov.uk

10. ANNEXES

10.1 Annex 1: Revenue Expenditure Statements as at 30 November 2016
10.2 Annex 2: Budget Action Plan

Annex 1: Revenue Expenditure Statement as at 30 November 2016

Social Care	PA	Spend £000	Budget £000	Over/Under Spend £000	%	Annual Budget £000
Administration		660.3	687.5	-27.2	96.0	1,854.6
Childcare	**1c**	2,175.9	2,035.2	140.7	106.9	3,423.4
Elderly Residential		3,265.9	3,258.7	7.2	100.2	5,045.5
Elderly Independent Sector		263.8	242.5	21.3	108.8	416.4
Elderly Day Centres		343.4	346.5	-3.1	99.1	522.1
Disability		2,767.8	2,805.1	-37.3	98.7	4,510.7
Mental Health		174.4	165.7	8.7	105.3	271.9
Other Community Care		532.4	548.6	-16.2	97.0	944.2
Occupational Therapy		273.3	258.6	14.7	105.7	414.2
Home Care	**1c**	2,166.2	2,044.0	122.2	106.0	3,146.8
Criminal Justice	**1b**	-12.4	22.4	-34.8	n/a	36.9
Integration Joint Board		-978.9	-980.2	1.3	99.9	-2,937.7
Service Totals		**11,632.1**	**11,434.6**	**197.5**	**101.7**	**17,649.0**

Budget Summary	
Original Net Budget	16,833.6
Contribution from Outwith Orkney Placements Fund	641.3
Innovation Fund - Intensive Fostering	173.1
Redetermination - General Revenue Grant	1.0
Revised Net Budget	**17,649.0**

Annex 2: Budget Action Plan

Social Care					
Action Point	**Function/Explanation**	**Action**	**Responsible Officer(s)**	**Deadline**	**Status**
SC5	**Homecare** Overspend £122.2K There is a budget shortfall in relation to self-directed support (SDS) (formerly direct payments) where service users do not want traditional services. Due to the small services provided, services are unable to be cut in order to release funding. There is a budget shortfall in regards to transport costs for staffing. Although staffing has been increased, the corresponding costs in relation to transport have not been factored in. There have also been additional staffing pressures in relation to providing services on the islands.	A review of the local approach to SDS has been undertaken and an action group has been set up to progress the findings of the review but the budget pressures are likely to remain. Temporary staffing agreed within the isles which will have a saving within the transport costs.	J Trainor	~~**31/10/16**~~ **31/12/16**	**P3 Action – Ongoing** There have been funds added from the integration funding with regard to service pressure for direct payments.

Annex 2: Budget Action Plan

Social Care					
Action Point	**Function/Explanation**	**Action**	**Responsible Officer(s)**	**Deadline**	**Status**
	There are also vacancies within the service which have been unable to be recruited to and therefore agency staff have been required.	To continue trying to recruit to vacant posts.			
SC6	**Childcare** Overspend £140.7K There are budget pressures within Intensive Fostering, Adoption allowances and Children Fostered.	A corporate contingency is available of £87K for fostering and £72K for adoption allowances in relation to these budget pressures, which will aid some of this overspend.	J Humphreys	~~**31/10/16**~~ **31/12/16**	**P4 Action – Ongoing**
SC10	**Criminal Justice** Underspend £34.8K There has been a vacancy within the service.	The vacant post is being recruited to and there are other commitments which will fully utilise this underspend. This funding is ring fenced and cannot be used to fund other areas.	J Humphreys	~~**31/10/16**~~ **30/11/16**	**P4 Action - Ongoing**

Annex 2: Budget Action Plan

Social Care					
Action Point	**Function/Explanation**	**Action**	**Responsible Officer(s)**	**Deadline**	**Status**
SC11	**Mental Health** Overspend £8.7K A staff member has been miscoded to this budget area.	A journal shall be completed to recharge the costs to the appropriate cost centre.	J Trainor	**30/11/16**	**P7 Action - Completed**