

Item: 14.2

Policy and Resources Committee: 23 September 2025.

Revenue Expenditure Outturn – Orkney Health and Care.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Directors and their staff.
- 1.7. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for financial year 2024/25, attached as Annex 1 to this report, indicating a budget overspend position of £3,556,300.
- ii. Note 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 financial year 2024/25, attached as Annex 2 to this report.
- iii. Note 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.

For Further Information please contact:

Pat Robinson, Service Manager (Accounting), extension 2621, Email:

pat.robinson@orkney.gov.uk

Implications of Report

1. **Financial** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
In addition, in accordance with the Orkney Integration Scheme, when forecasting an overspend, the Chief Officer and the Chief Finance Officer of the Integration Joint Board are required to prepare a recovery plan setting out how they propose to return to a breakeven position.
2. **Legal** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Committee is responsible, is referred to the Policy and Resources Committee.
4. **Human Resources** N/A.
5. **Equalities** An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** An Island Communities Impact Assessment is not required for financial monitoring.

- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
- ☐ Growing our economy.
 - ☐ Strengthening our Communities.
 - ☐ Developing our Infrastructure.
 - ☐ Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
- ☐ Cost of Living.
 - ☐ Sustainable Development.
 - ☐ Local Equality.
 - ☐ Improving Population Health.
- 9. Environmental and Climate Risk** N/A.
- 10. Risk** N/A.
- 11. Procurement** N/A.
- 12. Health and Safety** N/A.
- 13. Property and Assets** N/A.
- 14. Information Technology** N/A.
- 15. Cost of Living** N/A.

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

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 | 32,919.1 | 29,362.8 | 3,556.3 | 112.1 | 29,362.8 |
| | 32,919.1 | 29,362.8 | 3,556.3 | 112.1 | 29,362.8 |
| Service Totals | 32,919.1 | 29,362.8 | 3,556.3 | 112.1 | 29,362.8 |

Annex 2: Financial Detail by Service Area**March 2025**

The following tables show the spending position by service function

General Fund

| | | Spend | Budget | Over/(Under) | Spend | Annual |
|-----------------------------------|-----------|-----------------|-----------------|---------------------|--------------|-----------------|
| Social Care | PA | £000 | £000 | £000 | % | Budget |
| Administration - SW | | 3,741.1 | 3,725.2 | 15.9 | 100.4 | 3,725.2 |
| Childcare | 1B | 6,207.2 | 5,393.5 | 813.7 | 115.1 | 5,393.5 |
| Older People - Residential | 1B | 8,354.0 | 6,669.6 | 1,684.4 | 125.3 | 6,669.6 |
| Older People - Independent Sector | 1B | 1,317.2 | 305.2 | 1,012.0 | 431.6 | 305.2 |
| Older People - Day Centres | | 258.7 | 243.3 | 15.4 | 106.3 | 243.3 |
| Disability | 1C | 5,668.3 | 5,465.2 | 203.1 | 103.7 | 5,465.2 |
| Mental Health | | 398.0 | 380.4 | 17.6 | 104.6 | 380.4 |
| Other Community Care | | 1,521.0 | 1,550.1 | (29.1) | 98.1 | 1,550.1 |
| Occupational Therapy | | 581.2 | 561.2 | 20.0 | 103.6 | 561.2 |
| Home Care | 1C | 5,655.4 | 5,182.3 | 473.1 | 109.1 | 5,182.3 |
| Criminal Justice | | 175.5 | 187.4 | (11.9) | 93.6 | 187.4 |
| Integration Joint Board | 1B | 175.1 | 833.0 | (657.9) | 21.0 | 833.0 |
| Movement in Reserves | | (1,133.6) | (1,133.6) | 0.0 | 100.0 | (1,133.6) |
| Service Total | | 32,919.1 | 29,362.8 | 3,556.3 | 112.1 | 29,362.8 |

Changes in original budget position:

| | |
|-----------------------------------|------------------------|
| Original Net Budget | 28,697.8 |
| Children's Social Care Pay Uplift | 59.0 |
| Social Care 24.25 Staff Back Pay | 533.7 |
| Apportionment Realignment | 72.3 |
| | <u>29,362.8</u> |

Social Care

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|--------------------------------|--|-----------------------------------|--|--|
| R19C | Childcare More than anticipated expenditure by £813.7K | Darren Morrow | There was a continued reliance on agency staffing due to recruitment issues and long-term sickness. The overall staffing budget was £800K overspent. £1,381K was spent on agency staff which includes accommodation and travel. Braeburn residential care facility had unbudgeted associated running costs. | Continue to work on recruiting permanent staff to reduce reliance on agency staff. |
| R19D | Older People – Residential More than anticipated expenditure by £1,684.4K | Lynda Bradford | There was a continued reliance on agency staffing due to recruitment issues and long-term sickness absence within residential care homes. | Continue to work on recruiting permanent staff to reduce reliance on agency staff. |
| R19E | Older People – Independent Sector More than anticipated expenditure by £1,012.0K | Lynda Bradford | The trend of increasing volume of need for the provision of residential care by third parties outwith Orkney continued into the 2024/25 financial year. | Continue to monitor and highlight service pressure for future financial years. |
| R19G | Disability More than anticipated expenditure by £203.1K | Lynda Bradford | The overall disability staffing budget was £576K overspent. £750K was spent on agency staff which includes accommodation and travel. | Continue to work on recruiting permanent staff to reduce reliance on agency staff. |

Social Care

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|--------------------------------|--|-----------------------------------|---|--|
| R19K | Homecare More than anticipated expenditure by £473.1K | Lynda Bradford | Due to vacancy rates, care at home services require considerable agency backfill which is accountable for the majority of the overspend. | Continue to work on recruiting permanent staff to reduce reliance on agency staff. |
| R19N | Integration Joint Board Less than anticipated expenditure by £657.9K | Stephen Brown | The main cause of the underspend was due to the additional money received from Scottish Government for additional capacity. This funding is currently being held to reduce the overspend in other budget areas. | Consider reallocation of budget in future financial years across the service if/where appropriate. |