

Item: 3.2

Policy and Resources Committee: 28 November 2023.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 September 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 September 2023, attached as Annex 1 to this report, indicating a budget overspend position of £2,429,100.

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 September 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 September 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

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9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Details by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary**September 2023**

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

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Social Care	13,025.4	10,596.3	2,429.1	122.9	26,382.6
	13,025.4	10,596.3	2,429.1	122.9	26,382.6
Service Totals	13,025.4	10,596.3	2,429.1	122.9	26,382.6

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

Service Area	No. of PAs		Service	PAs/
	P05	P06		
Social Care	12	12	12	100%
Totals	12	12	12	100%

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
						£000
Administration - SW	1B	752.4	475.4	277.0	158.3	2,489.0
Childcare	1B	2,547.4	2,247.6	299.8	113.3	4,769.8
Older People - Residential	1B	3,365.9	2,905.1	460.8	115.9	5,996.2
Older People - Independent Sector	1B	299.6	134.9	164.7	222.1	239.3
Older People - Day Centres	1B	160.4	26.5	133.9	605.3	196.8
Disability	1B	2,309.5	1,660.2	649.3	139.1	4,426.6
Mental Health	1B	212.2	110.7	101.5	191.7	366.3
Other Community Care	1B	432.3	535.9	(103.6)	80.7	1,443.7
Occupational Therapy	1B	222.0	375.6	(153.6)	59.1	829.3
Home Care	1B	2,596.9	2,045.4	551.5	127.0	4,605.6
Criminal Justice	1B	26.9	71.9	(45.0)	37.4	180.1
Integrated Joint Board	1B	99.9	7.1	92.8	1,407.0	839.9
Service Total		13,025.4	10,596.3	2,429.1	122.9	26,382.6

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19A	<p>Administration - SW</p> <p>More than anticipated expenditure by £277.0K</p> <p>The overspend is mainly due to profiling issues. £108k of funding has not yet been received but has been budget for, £104k of payments to voluntary organisations are usually paid 6 months in advance, and £65k of post costs previously funded by Covid-19 monies now needs to be reallocated to other cost centres within OHAC. The anticipation is that net costs will be in line with budget at the year end.</p>	<p>Process transaction(s)</p> <p>Virements will be raised to realign budgets to reflect actual income and expenditure. Posts that were previously funded by Covid-19 monies need to be reallocated to other cost centres within OHAC.</p>	Peter Thomas	31/12/2023	Ongoing
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £299.8K</p> <p>Overspend is due to out of Orkney placements causing significant budget pressure.</p>	<p>Monitor the situation</p> <p>A number of options are being discussed and considered as part of trying to find solutions to bring children/young people back to Orkney, as well as trying to avoid having to use placements out of Orkney, if at all possible.</p>	Maureen Swannie	29/02/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19D	<p>Older People - Residential</p> <p>More than anticipated expenditure by £460.8K</p> <p>Due to the use of agency staff to cover vacancies and long-term sickness to maintain staffing levels, increased facility costs and reduction in income.</p>	<p>Monitor the situation</p> <p>The service continues to adhere to all sickness/absence policies with a view to return staff to work where possible but also where appropriate to ill health retirement or capability. We continue to recruit and consider new ways to attract people to a career in the service.</p>	Lynda Bradford	30/11/2023	Ongoing
R19E	<p>Older People - Independent Sector</p> <p>More than anticipated expenditure by £164.7K</p> <p>This is due to a number of people who have required care out with Orkney.</p>	<p>Monitor the situation</p> <p>Discussions with other agencies are being held and care packages are being reviewed.</p>	Lynda Bradford	30/11/2023	Ongoing
R19F	<p>Older People - Day Centres</p> <p>More than anticipated expenditure by £133.9K</p> <p>The overspend is due to the number of direct payment packages funded in lieu of day care.</p>	<p>Monitor the situation</p> <p>It isn't possible to reduce day care staffing as day care places are utilised and Services continue to require to be staffed.</p>	Lynda Bradford	31/12/2023	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19G	<p>Disability</p> <p>More than anticipated expenditure by £649.3K</p> <p>Overspend is 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 the funding due 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	30/11/2023	Ongoing
R19H	<p>Mental Health</p> <p>More than anticipated expenditure by £101.5K</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>No action required</p> <p>A virement has been processed to reprofile the income budget to realign with when the income is expected to be received.</p>	Lynda Bradford	30/11/2023	Ongoing
R19I	<p>Other Community Care</p> <p>Less than anticipated expenditure by £103.6K</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</p> <p>There has been some positive recruitment, but they are not yet in post, therefore some agency staff support still required.</p>	Lynda Bradford	31/12/2023	Ongoing
R19J	<p>Occupational Therapy</p> <p>Less than anticipated expenditure by £153.6K</p> <p>Additional funding received in respect of the Home First team, but not all of this team are employed by OIC. There are also still some staff vacancies here.</p>	<p>Monitor the situation</p> <p>Service will continue to try to recruit and also ensure appropriate transfers of funds to NHSO is undertaken.</p>	Lynda Bradford	31/12/2023	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £551.5K</p> <p>Significant vacancies and long-term sickness continue to exist leading to the use of agency staff to meet service delivery requirements.</p>	<p>Monitor the situation</p> <p>The service continues to adhere to all sickness/absence policies with a view to returning staff to work where possible or where appropriate move to ill health retirement or capability processes. The service continues to recruit and is considering new ways to attract people to the service.</p>	Lynda Bradford	31/12/2023	Ongoing
R19L	<p>Criminal Justice</p> <p>Less than anticipated expenditure by £45.0K</p> <p>Ring fenced funding received from the Scottish Government, which will correct itself over the remainder of the year.</p>	<p>Raise virement 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>More than anticipated expenditure by £92.8K</p> <p>Full year charge for Chief Officer received in the month of August. Year-end spend will revert in line with budget allocation.</p>	<p>No action required</p> <p>No action necessary.</p>	Peter Thomas	30/10/2023	Ongoing