

# **Item: 3**

**Orkney Health and Care Committee: 4 February 2021.**

**Revenue Expenditure Monitoring.**

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

## **1. Purpose of Report**

To advise of the revenue position as at 31 December 2020 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 service areas for which the Orkney Health and Care Committee is responsible, for the period 1 April to 31 December 2020, attached as Annex 1 to this report, indicating a budget overspend position of £226,800.

### **2.2.**

The revenue financial detail by service area statement, in respect of service areas for which the Orkney Health and Care Committee is responsible, for the period 1 April to 31 December 2020, 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 3 March 2020, the Council set its overall revenue budget for financial year 2020/21. On 11 June 2020, the Council received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

### **3.2.**

Individual revenue expenditure 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 Executive 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 31 December 2020 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.**

The exceptional impact of the COVID-19 pandemic will see additional expenditure and reduced income across all services which will be monitored during financial year 2020/2021 with a possible contribution from General Fund non earmarked balances at the financial year-end.

## **7. Legal Aspects**

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

## **8. Contact Officer**

Gillian Morrison, Interim Chief Officer/Executive Director, Orkney Health and Care, Email [Gillian.morrison@orkney.gov.uk](mailto:Gillian.morrison@orkney.gov.uk)

Gareth Waterson, Head of Finance, 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) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Social Care	14,207.6	13,980.8	226.8	101.6	20,342.5
<b>Service Totals</b>	<b>14,207.6</b>	<b>13,980.8</b>	<b>226.8</b>	<b>101.6</b>	<b>20,342.5</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>P08</b>	<b>P09</b>		
Social Care	8	9	12	75%
<b>Totals</b>	<b>8</b>	<b>9</b>	<b>12</b>	<b>75%</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		720.0	718.5	1.5	100.2	2,105.0
Childcare	<b>1B</b>	2,934.4	2,449.1	485.3	119.8	3,476.3
Elderly - Residential	<b>1C</b>	3,819.0	3,728.3	90.7	102.4	4,913.9
Elderly - Independent Sector	<b>1B</b>	118.7	258.4	(139.7)	45.9	341.5
Elderly - Day Centres	<b>1B</b>	90.2	167.5	(77.3)	53.8	161.4
Disability	<b>1C</b>	2,448.5	2,648.3	(199.8)	92.5	3,946.7
Mental Health		181.0	182.0	(1.0)	99.5	290.3
Other Community Care	<b>1B</b>	707.6	828.8	(121.2)	85.4	1,042.5
Occupational Therapy		257.3	268.7	(11.4)	95.7	402.2
Home Care	<b>1C</b>	2,696.2	2,500.3	195.9	107.8	3,495.5
Criminal Justice	<b>1B</b>	5.9	47.8	(41.9)	12.4	50.0
Integrated Joint Board	<b>1B</b>	228.8	183.1	45.7	125.0	117.2
<b>Service Total</b>		<b>14,207.6</b>	<b>13,980.8</b>	<b>226.8</b>	<b>101.6</b>	<b>20,342.5</b>

## Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p><b>Childcare</b></p> <p>More than anticipated expenditure by £485.3K</p> <p>Social work services have been experiencing high levels of sickness absence for a considerable length of time, including key leadership and management roles, all of which has had a significant impact on the service's ability to deliver effective and statutory social work services to children, young people and their families. Some of this related to the need for staff members to remain at home due to initial COVID-19 restrictions. However, it is anticipated there is also the likelihood for some sickness absence to be long-term. This has resulted in the need to employ additional short-term capacity.</p>	<p><b>Monitor the situation</b></p> <p>This has been highlighted within the Council Senior Management Team and will be closely monitored.</p>	Jim Lyon	31/03/2021	Ongoing

## 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 £90.7K</p> <p>There is a continued reliance on agency staffing due to recruitment issues and long-term sickness absence within residential care homes.</p> <p>There have been additional costs in relation to the fourth Wing at Hamnavoe House and increased infection control costs.</p>	<p><b>Monitor the situation</b></p> <p>All costs that are COVID-19 related will be identified to ensure they are included within the financial Mobilisation Plan.</p>	Lynda Bradford	31/03/2021	Ongoing
R19E	<p><b>Elderly - Independent Sector</b></p> <p>Less than anticipated expenditure by £139.7K</p> <p>There is less demand on packages within the elderly private residential sector.</p>	<p><b>Monitor the situation</b></p> <p>A new package of care will commence early in 2021 which will utilise all the available funding.</p>	Lynda Bradford	31/03/2021	Ongoing
R19F	<p><b>Elderly - Day Centres</b></p> <p>Less than anticipated expenditure by £77.3K</p> <p>Some of the income has been received earlier than anticipated.</p>	<p><b>Raise virements request</b></p> <p>A virement will be raised to reprofile the income and a projection will be done to highlight year-end position.</p>	Lynda Bradford	31/03/2021	New

## Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19G	<p><b>Disability</b></p> <p>Less than anticipated expenditure by £199.8K</p> <p>Invoices have not been received for commissioned services within the expected timescales. Some income has been received earlier than anticipated. There have also been some vacancies due to closures of day centres.</p>	<p><b>Monitor the situation</b></p> <p>The budget will be reprofiled to reflect when the invoices and income are received.</p>	Lynda Bradford	31/03/2021	Ongoing
R19I	<p><b>Other Community Care</b></p> <p>Less than anticipated expenditure by £121.2K</p> <p>There have been various vacancies within the team.</p>	<p><b>Monitor the situation</b></p> <p>Vacancies will be recruited to in the near future. Any underspend will aid other areas of service pressure.</p>	Lynda Bradford	31/03/2021	New
R19K	<p><b>Home Care</b></p> <p>More than anticipated expenditure by £195.9K</p> <p>The demand for Home Care continues to grow as the ageing population is continuing to increase. Once an assessed need has been identified and agreed, budget availability cannot be a deciding factor on provision of service due to the current eligibility criteria.</p>	<p><b>Monitor the situation</b></p> <p>Monitor the situation.</p>	Lynda Bradford	31/03/2021	Ongoing



## Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19L	<p><b>Criminal Justice</b></p> <p>Less than anticipated expenditure by £41.9K</p> <p>There has been a vacancy within the team.</p>	<p><b>Monitor the situation</b></p> <p>This funding is ring fenced and can only be used in regard to Criminal Justice services.</p>	Jim Lyon	31/03/2021	Ongoing
R19N	<p><b>Integrated Joint Board</b></p> <p>More than anticipated expenditure by £45.7K</p> <p>Unavoidable costs associated with the deployment of interim Chief Officer/ Executive Director arrangements due to staff absence.</p>	<p><b>Monitor the situation</b></p> <p>No action required at present.</p>	Gillian Morrison	31/03/2021	New