

## **Item: 3**

**Orkney Health and Care Committee: 13 September 2018.**

**Revenue Expenditure Outturn.**

**Joint report by Chief Executive and Head of Finance.**

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

To advise of the revenue outturn position for financial year 2017 to 2018 across each of the service areas for which the Committee is responsible.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The revenue expenditure outturn statement in respect of Orkney Health and Care for financial year 2017 to 2018, attached as Annex 1 to this report, indicating a breakeven position.

#### **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. Introduction**

At its Special General Meeting held on 22 February 2017, as part of the budget setting process for 2017 to 2018, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2017 to 2018.

### **4. Background**

#### **4.1.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

#### **4.2.**

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.

### **4.3.**

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).

### **4.4.**

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

### **4.5.**

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.

### **4.6.**

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.

## **5. Financial Summary**

### **5.1.**

The revenue expenditure outturn statement is attached as Annex 1 to this report.

### **5.2.**

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

## **6. 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.

## **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.

### **7.3.**

The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets, for example depreciation and revaluations, current service cost of pensions and accumulated staff absences.

## **8. Legal Aspects**

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

## **9. Contact Officers**

Alistair Buchan, Chief Executive, extension 2101, Email [chief.executive@orkney.gov.uk](mailto:chief.executive@orkney.gov.uk).

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

## **10. Annexes**

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

Financial Summary	Spend	Budget	Over/Under		Annual
	£000	£000	Spend	%	Budget
Social Care	18,270.2	18,270.2	0.0	100.0	18,270.2
<b>Service Totals</b>	<b>18,270.2</b>	<b>18,270.2</b>	<b>0.0</b>	<b>100.0</b>	<b>18,270.2</b>

Social Care	PA	Spend	Budget	Over/Under		Annual
		£000	£000	Spend	%	Budget
Administration		3,789.8	3,767.9	21.9	100.6	3,767.9
Childcare	1c	3,527.7	3,345.7	182.0	105.4	3,345.7
Elderly Residential	1c	5,323.2	5,241.5	81.7	101.6	5,241.5
Elderly Independent Sector		379.3	402.4	-23.1	94.3	402.4
Elderly Day Centres		504.3	523.7	-19.4	96.3	523.7
Disability	1c	4,955.4	5,110.7	-155.3	97.0	5,110.7
Mental Health	1b	197.5	237.4	-39.9	83.2	237.4
Other Community Care	1c	855.9	912.1	-56.2	93.8	912.1
Occupational Therapy		386.8	416.1	-29.3	93.0	416.1
Home Care	1c	3,578.4	3,477.1	101.3	102.9	3,477.1
Criminal Justice		-7.3	-1.9	-5.4	384.2	-1.9
Movement in Reserves		-1,809.9	-1,809.9	0.0	100.0	-1,809.9
Integration Joint Board	1c	-3,410.9	-3,352.6	-58.3	101.7	-3,352.6
<b>Service Totals</b>		<b>18,270.2</b>	<b>18,270.2</b>	<b>0.0</b>	<b>100.0</b>	<b>18,270.2</b>

### Budget Summary

Original Net Budget	17,723.5
Redetermination - Sensory Impairment	1.0
Contribution from Outwith Orkney Placements Fund	184.1
Innovation Fund - Intensive Fostering	191.4
Re-align Central Administration Apportioned Costs	170.2
<b>Revised Net Budget</b>	<b>18,270.2</b>

### Movement in Reserves Statement

IFRS Accounting Entries	-1,809.9
	<b>-1,809.9</b>

**Annex 2:****Budget Action Plan**

<b>Social Care</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R19C</b>	<p><b>Childcare</b></p> <p>More than anticipated expenditure by £182.0K</p> <p>There is an additional residential unit within Orkney which had no funding from August 2017.</p> <p>The costs of children placed outwith Orkney are higher than the budget allocated.</p>	<p>There was approval to continue the additional residential unit within Orkney until 31 March 2018 without additional resources. There have been additional funds received for financial year 2018.19.</p> <p>The baseline budget for Outwith Orkney Placements is £296K with actual expenditure of £588K.</p> <p>Due to underspends within various other services there was only a requirement of £184K transferred from the Out of Orkney Placements fund at the year-end.</p>	<b>S Hunter</b>
<b>R19D</b>	<p><b>Elderly Residential</b></p> <p>More than anticipated expenditure by £81.7K</p> <p>There has been significant long term and short term sick cover within the residential care homes, this causes double running costs as backfill is required to meet safe staffing levels.</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>	<b>J Trainor</b>
<b>R19G</b>	<p><b>Disability</b></p> <p>Less than anticipated expenditure by £155.3K</p> <p>There was one-off funding received from a Learning Disability service growth bid. Some of these packages did not commence when</p>	<p>Any underspend was retained to aid the overall service. For financial year 2018 to 2019 there is still uncertainty in regard to payments for sleepovers but will be rectified mid-year.</p> <p>There is also further scrutiny into some high cost packages as to alternative care arrangements which will still meet the</p>	<b>J Trainor</b>

**Annex 2:****Budget Action Plan**

<b>Social Care</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
	anticipated. There was also some unknown expenditure regarding commissioned services and sleepovers.	needs of individuals who struggle to recruit carers via self-directed support.	
<b>R19H</b>	<b>Mental Health</b>  Less than anticipated expenditure by £39.9K  There have been staff vacancies within the team.	Most of the vacancies have now been recruited to.	<b>J Trainor</b>
<b>R19I</b>	<b>Other Community Care</b>  Less than anticipated expenditure by £56.2K  There have been vacancies within the service.	One of the posts remained vacant due to reviewing the structure of the team.  Any underspend was utilised to cover other cost pressures in the overall service.	<b>J Trainor</b>
<b>R19K</b>	<b>Homecare</b>  More than anticipated expenditure by £101.3K  There has been an increase in services required and additional cover within the Isles. Due to a growing number of vacancies, there was a need to employ agency staff to ensure the service could deliver the service, which is far costlier to the service.  The Pool Car project has not continued but some	For 2018 to 2019 the staffing budgets have been increased to include backfill cover which had previously been removed.  There has also been publicity material to promote Home Care as a potential career for those wishing to work within the care sector.	<b>J Trainor</b>

**Annex 2:****Budget Action Plan**

<b>Social Care</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
	of the proposed savings was removed in previous year therefore creating an increased shortfall.		
<b>R19N</b>	<b>Integrated Joint Board</b>  Less than anticipated expenditure by £58.3K  There were additional funds received that had not been budgeted for in regard to recharging for services.	Any underspend was utilised to cover other cost pressures in the overall service.  A projection of income has been calculated for 2018 to 2019 and the budgets have been amended to take this into account.	<b>S Hunter</b>