

Item: 15.2

Policy and Resources Committee: 23 September 2025.

Revenue Expenditure Monitoring – Orkney Health and Care.

Report by Head of Finance.

1. Overview

- 1.1. On 4 March 2025, the Council set its overall revenue budget for financial year 2025/26. On 17 June 2025, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2025/26, 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 the period 1 April to 30 June 2025, attached as Annex 1 to this report, indicating a budget overspend position of £442,400.
- 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 the period 1 April to 30 June 2025, 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:

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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 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, 25 February 2025, Budget and Council Tax Level for 2025/26.

Policy and Resources Committee, 17 June 2025, 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					Annual
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Budget £000
Social Care	7,884.4	7,442.0	442.4	105.9	31,414.3
	7,884.4	7,442.0	442.4	105.9	31,414.3
Service Totals	7,884.4	7,442.0	442.4	105.9	31,414.3

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Social Care	6	5	12	42%
Totals	6	5	12	42%

Annex 2: Financial Detail by Service Area**June 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		411.3	410.3	1.0	100.2	2,664.6
Childcare	1B	1,259.6	1,085.7	173.9	116.0	5,487.7
Older People - Residential	1C	2,060.1	1,965.1	95.0	104.8	7,175.4
Older People - Independent Sector		120.6	128.3	(7.7)	94.0	702.9
Older People - Day Centres		177.2	162.4	14.8	109.1	258.6
Disability	1C	1,651.8	1,555.0	96.8	106.2	5,734.9
Mental Health		97.6	93.0	4.6	104.9	389.2
Other Community Care	1B	364.0	442.1	(78.1)	82.3	1,817.3
Occupational Therapy		121.7	123.9	(2.2)	98.2	562.8
Home Care	1C	1,558.6	1,416.3	142.3	110.0	5,564.7
Criminal Justice		61.5	58.0	3.5	106.0	244.1
Integration Joint Board		0.4	1.9	(1.5)	21.1	812.1
Service Total		7,884.4	7,442.0	442.4	105.9	31,414.3

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £173.9K</p> <p>The current pressures on budgets are:</p> <ul style="list-style-type: none"> Agency staff back fill costs and associated travel and accommodation costs to ensure ongoing provision of statutory services Staff not at work and the need to back fill costs Self-directed support costs which have not been previously budgeted for. 	<p>Monitor the situation</p> <ul style="list-style-type: none"> Agency staff – permanent recruitment and retention are underway and making slow, yet steady progress. HR are supporting with progressing staff not at work issues – processes to be followed in line with policy and procedures. Self-directed support will require a budget line, to be discussed with OHAC Finance and OHAC Senior Management to review all budgets lines to explore where monies can be transferred from. 	Darren Morrow	15/07/2025	New
R19D	<p>Older People - Residential</p> <p>More than anticipated expenditure by £95.0K</p> <p>The majority of this overspend is due to the ongoing need for overtime and agency staff to fill vacancies and sickness in order to meet care needs as per the safe staffing legislation.</p>	<p>Monitor the situation</p> <p>There is a continued effort to try to recruit to permanent posts. The recruitment campaign has yielded some benefit and continues to be used. There is also work to tackle sickness both short and long term.</p>	Lynda Bradford	31/08/2025	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19G	Disability More than anticipated expenditure by £96.8K The majority of the overspend is due to the need to use agency staff to achieve staffing levels required to deliver care needs and meet safe staffing legislation.	Management input required A piece of work has been planned to understand better increasing demands faced by this service. In the meantime, there is a continued effort to recruit to permanent posts and robustly manage sickness.	Lynda Bradford	30/09/2025	Ongoing
R19I	Other Community Care Less than anticipated expenditure by £78.1K Reasons for this variance include some vacancies which are currently being addressed and the budget profile of funding due to NHS Orkney. The Adult Support & Protection budget will not be uniformly called upon each month as costs will arise on an ad hoc basis.	Monitor the situation A virement is required in respect of the funds due to NHS Orkney later this year. Recruitment efforts are also currently on-going.	Lynda Bradford	30/09/2025	Ongoing
R19K	Home Care More than anticipated expenditure by £142.3K This overspend is due to the need to use agency staff to achieve staffing levels required to deliver care needs and meet safe staffing legislation.	Monitor the situation There is a continued effort to try to recruit to permanent posts, however, to meet care needs we require staffing levels which meet the safe staffing legislation. The recruitment campaign has been of benefit and continues to be used. There is also work being done to tackle sickness both short and long term.	Lynda Bradford	30/09/2025	Ongoing