

Item: 5.1

Policy and Resources Committee: 22 February 2022.

Revenue Expenditure Monitoring – Orkney Health and Care.

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 2021 across each of the service areas which were formerly the responsibility of the Orkney Health and Care Committee.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement in respect of service areas which were formerly the responsibility of the Orkney Health and Care Committee, for the period 1 April to 31 December 2021, attached as Annex 1 to this report, indicating a budget overspend position of £326,500.

2.2.

The revenue financial detail by service area statement in respect of service areas which were formerly the responsibility of the Orkney Health and Care Committee, for the period 1 April to 31 December 2021, 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 2 March 2021, the Council set its overall revenue budget for financial year 2021/22. On 20 April 2021, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2021/22, 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.

3.8.

Following the decision of Council in December 2021 to disestablish the Orkney Health and Care Committee, scrutiny of the revenue expenditure in respect of service areas which were formerly the responsibility of that Committee will now be undertaken by the Policy and Resources Committee.

4. Financial Summary

4.1.

The financial summary for the period 1 April to 31 December 2021 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.

7. Legal Aspects

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

8. Contact Officers

Stephen Brown, Chief Officer/Executive Director, Orkney Health and Care, Email Stephen.brown3@nhs.scot.

Colin Kemp, Interim Head of Finance, Email colin.kemp@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

December 2021

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

Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Social Care	13,863.7	13,537.2	326.5	102.4	21,434.6
Service Totals	13,863.7	13,537.2	326.5	102.4	21,434.6

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Social Care	11	10	12	83%
Totals	11	10	12	83%

The following tables show the spending position by service function

Social Care	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - SW		657.8	632.0	25.8	104.1	2,132.6
Childcare	1B	3,075.8	2,208.9	866.9	139.2	3,601.3
Older People - Residential	1C	3,788.9	3,678.0	110.9	103.0	5,007.2
Older People - Independent Sector	1B	179.0	229.8	(50.8)	77.9	303.3
Older People - Day Centres	1B	129.5	156.7	(27.2)	82.6	143.6
Disability	1B	2,524.9	2,817.4	(292.5)	89.6	4,065.6
Mental Health		155.5	157.0	(1.5)	99.0	220.0
Other Community Care	1B	504.3	711.4	(207.1)	70.9	1,063.8
Occupational Therapy	1B	334.5	298.2	36.3	112.1	411.8
Home Care	1C	2,507.7	2,600.0	(92.3)	96.5	3,742.8
Criminal Justice	1B	(39.5)	34.0	(73.5)	N/A	63.0
Integrated Joint Board	1B	45.3	13.8	31.5	329.1	679.6
Service Total		13,863.7	13,537.2	326.5	102.4	21,434.6

Changes in original budget position:

Original Net Budget	20,698.8
Flexibility Fund Contribution - Children and Young People's Mental Health	63.0
Redetermination - Real Living Wage	138.8
Redetermination – Integrated Joint Board	534.0
	21,434.6

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £866.9K</p> <p>There are additional agency staffing requirements within the service due to sickness absence and vacancies within the Children and Families team and the additional work required for the joint inspection improvement plan (£356.6K). There are structural capacity issues being reviewed.</p> <p>There is the requirement for an additional residential facility within Orkney due to no capacity within existing resource which has a current cost of £294K.</p> <p>Out of Orkney Placements expenditure is higher than the budget with an anticipated year end overspend of £524K.</p> <p>Some services have been underspending, which is reducing the overall overspend.</p>	<p>Monitor the situation</p> <p>It has been agreed that the additional residential care capacity will be funded from unearmarked general reserves. There is also funding available for Outwith Orkney Placements if required at year end dependant on overall service outturn position.</p>	Jim Lyon	31/03/2022	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 £110.9K</p> <p>There is a continued reliance on agency staffing (£148k) due to recruitment issues, continuation of the need to self-isolate as part of the admission to residential care and long-term sickness absence within residential care homes. The overspend has been reduced due to an increase in fees, which are based on an individual's ability to pay.</p> <p>There are also residual costs from the transition of the Stromness Care Homes (St Peters to Hamnavoe House).</p>	<p>Management input required</p> <p>The recruitment campaign that was launched again in spring 2021 did attract some applications in ongoing efforts to reduce vacancies.</p> <p>The former residential care home (St Peters) has now been transferred so no further costs will be incurred.</p>	Lynda Bradford	31/03/2022	Ongoing
R19E	<p>Older People - Independent Sector</p> <p>Less than anticipated expenditure by £50.8K</p> <p>There has been a reduction in the requirement of high-cost packages of care placed Outwith Orkney.</p>	<p>Monitor the situation</p> <p>There is a new package commencing in February and therefore this underspend will reduce.</p> <p>Any underspend will aid cost centres with an overspend.</p>	Lynda Bradford	31/12/2021	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19F	<p>Older People - Day Centres</p> <p>Less than anticipated expenditure by £27.2K</p> <p>Due to day services not being able to run at full capacity. There has been a reduction in the requirement of relief staff and supplies and services.</p>	<p>Monitor the situation</p> <p>Any underspend will aid overspending areas.</p>	Lynda Bradford	31/03/2022	Ongoing
R19G	<p>Disability</p> <p>Less than anticipated expenditure by £292.5K</p> <p>There was some variance in packages of care as families chose to reduce footfall within their own homes. Due to day service not being able to return to full capacity there has been a reduction in need to backfill staff.</p> <p>There have been vacancies within the team (reduced level of activity due to closure of day services and an underspend in regard to physical disability direct payments).</p>	<p>Monitor the situation</p> <p>This underspend will reduce as services start to reopen and service delivery increases. There are also new packages agreed which will commence in near future. It is hoped that day services will increase when restrictions allow. Any underspend will aid overspending areas.</p>	Lynda Bradford	31/01/2022	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19I	<p>Other Community Care</p> <p>Less than anticipated expenditure by £207.1K</p> <p>There are a number of vacancies within the service in relation to senior and operational staffing.</p> <p>There has been funding (£71K) for commencement of shifting from Analogue to Digital in regard to Telecare equipment.</p>	<p>Raise virements request</p> <p>There will be work done in the near future in regard to the structure within this service so as posts can be advertised.</p> <p>Further work will be done in regard to the commencement of the project work for Telecare.</p>	Lynda Bradford	31/01/2022	Ongoing
R19J	<p>Occupational Therapy</p> <p>More than anticipated expenditure by £36.3K</p> <p>There are staffing costs which will be reimbursed for the Home First project. The equipment is slightly overspending but usually balances out at year end. The Selbro store costs more to run than the budget allocated (currently £18K).</p>	<p>Monitor the situation</p> <p>There will be income received from NHS Orkney to cover the costs of the Home First project for this financial year as agreed by the Integrated Joint Board.</p> <p>Any underspend in other areas will aid the overspend within the Selbro Store.</p>	Lynda Bradford	31/03/2022	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19K	<p>Home Care</p> <p>Less than anticipated expenditure by £92.3K</p> <p>There has been significant one-off funding (£490K) from NHS Orkney received this financial year to cover the previous shortfall. Continued reliance on agency staff will reduce this underspend as the year progresses. There are also costs in relation to carers' respite which will be charged, which will further reduce this underspend.</p>	<p>Monitor the situation</p> <p>There is a further recruitment campaign for Care at Home staff which has seen some significant interest which hopefully will reduce the reliance of agency staff in the future.</p>	Lynda Bradford	31/03/2022	Ongoing
R19L	<p>Criminal Justice</p> <p>Less than anticipated expenditure by £73.5K</p> <p>There have been vacancies within the team.</p>	<p>Monitor the situation</p> <p>Vacant posts have been recruited to. There will be other costs attributed to this cost centre in regard to the new premises before year-end. This is a ring-fenced budget and therefore cannot be used for any other purpose. It is anticipated it will be fully utilised by year end.</p>	Jim Lyon	31/03/2022	Ongoing
R19N	<p>Integrated Joint Board</p> <p>More than anticipated expenditure by £31.5K</p> <p>There were additional staff costs for the period an interim Chief Officer was in post.</p>	<p>Raise virements request</p> <p>These additional costs ceased once the post was recruited to and therefore a pressure for this financial year only.</p>	Stephen Brown	31/03/2022	Ongoing