

Item: 4.2

Policy and Resources Committee: 20 September 2022.

Revenue Expenditure Outturn.

Joint Report by Chief Officer, Orkney Health and Social Care Partnership and Head of Finance.

1. Purpose of Report

To advise of the revenue outturn position for financial year 2021/22 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 expenditure outturn statement in respect of services areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for financial year 2021/22, attached as Annex 1 to this report, indicating a breakeven position after receiving a contribution of £440,700 from the Out With Orkney Placements Fund.

The Committee is invited to scrutinise:

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, in order to obtain assurance that appropriate action was 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 Council received the detailed revenue budgets 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.

4. Financial Summary

4.1.

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

4.2.

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.

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 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.

7. Legal Aspects

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

8. Contact Officers

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Erik Knight, Head of Finance, extension 2127, Email erik.knight@orkney.gov.uk.

9. Annexes

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2021 to 2022

General Fund Services	Spend	Budget	Over/(Under)		Annual
	£000	£000	£000	%	Budget £000
Social Care	22,337.0	22,337.0	0.0	100.0	22,337.0
Service Totals	22,337.0	22,337.0	0.0	100.0	22,337.0

Social Care	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget £000
Administration		6,562.2	6,602.2	-40.0	99.4	6,602.2
Childcare		4,546.2	4,509.2	37.0	100.8	4,509.2
Elderly Residential	1c	5,323.0	5,029.6	293.4	105.8	5,029.6
Elderly Independent Sector	1b	194.1	303.3	-109.2	64.0	303.3
Elderly Day Centres		187.9	173.6	14.3	108.3	173.6
Disability	1c	4,041.4	4,103.1	-61.7	98.5	4,103.1
Mental Health	1b	204.2	235.0	-30.8	86.9	235.0
Other Community Care	1b	906.9	1,067.8	-160.9	84.9	1,067.8
Occupational Therapy		398.4	411.8	-13.4	96.7	411.8
Home Care	1c	3,899.4	3,782.8	116.6	103.1	3,782.8
Criminal Justice	1b	3.0	63.0	-60.0	4.7	63.0
Integration Joint Board		606.2	591.6	14.6	102.5	591.6
Movement in Reserves		-4,536.0	-4,536.0	0.0	100.0	-4,536.0
Service Totals		22,337.0	22,337.0	0.0	100.0	22,337.0

Budget Summary

Original Net Budget	20,698.8
Braeburn Court	452.1
Contingency contribution re overspend	3.9
Social Care Workforce uplift	112.0
Living Wage	138.8
MH Recovery	15.0
Whole Family Wellbeing	7.0
Telecare	4.0
Outwith Orkney Placements contribution to OHAC	440.7
Apportioned costs realignment	-44.3
Flex Fund contribution	63.0
Care at Home Winter	271.0
Interim Care Winter	175.0
Revised Net Budget	22,337.0

Movement in Reserves Statement

IFRS Accounting Entries	-4,536.0
	-4,536.0

Annex 2: Budget Action Plan

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R19D	Older People - Residential	Bradford, Lynda	<p>There is a continued reliance on agency staffing 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>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) transferred within the financial year and therefore no further costs will be incurred.</p>
R19E	Older People - Independent Sector	Bradford, Lynda	There has been a reduction in the requirement of high cost packages of care placed Outwith Orkney.	A new high cost package of care commenced in February 2022 which will utilise this budget moving forward.

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R19G	Disability	Bradford, Lynda	<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).</p>	This underspend will reduce as services start to reopen and service delivery increases. There are also new packages agreed which will commence in the near future. It is hoped that day services will increase when restrictions allow.
R19H	Mental Health	Bradford, Lynda	There have been vacancies within the service.	Actively trying to recruit for the vacancies.
R19I	Other Community Care	Bradford, Lynda	There were a number of vacancies within the service in relation to senior and operational staffing.	There will be work done in the near future in regard to the structure within this service so as posts can be advertised.

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R19K	Home Care	Bradford, Lynda	There is continued reliance on agency staff to ensure that the service can continue to deliver Care At Home Services. There are also identified costs in relation to carers' respite to reflect a more accurate spend within this service. The demand for Care At Home services continues to increase.	There has been one off funding received this financial year to cover pressures within the service which reduced the overspend. 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. There is also recurring funding received for 2022/23 to assist in the demands of this service.
R19L	Criminal Justice	Lyon, Jim	There have been vacancies within the team.	Vacant posts have been recruited to by the end of the financial year.