

Item: 3.2

Policy and Resources Committee: 20 February 2024.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 31 December 2023 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 financial summary 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 31 December 2023, attached as Annex 1 to this report, indicating a budget overspend position of £3,292,900.

2.2.

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 31 December 2023, 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 7 March 2023, the Council set its overall revenue budget for financial year 2023/24. On 20 June 2023, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2023/24, 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.

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 2023 is attached as Annex 1 to this report.

4.2.

The detail 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 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

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. Legal Aspects

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

8. Contact Officer

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9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Details by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

December 2023

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

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Social Care	20,853.2	17,560.3	3,292.9	118.8	26,382.6
	20,853.2	17,560.3	3,292.9	118.8	26,382.6
Service Totals	20,853.2	17,560.3	3,292.9	118.8	26,382.6

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

Service Area	No. of PAs		Service	PAs/
	P08	P09		
Social Care	11	11	12	92%
Totals	11	11	12	92%

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
						£000
Administration - SW		1,083.3	1,038.0	45.3	104.4	2,489.0
Childcare	1B	4,151.5	3,437.8	713.7	120.8	4,769.8
Older People - Residential	1B	5,475.6	4,438.9	1,036.7	123.4	5,996.2
Older People - Independent Sector	1B	549.2	202.3	346.9	271.5	239.3
Older People - Day Centres	1B	216.9	112.7	104.2	192.5	196.8
Disability	1B	3,672.7	3,037.7	635.0	120.9	4,426.6
Mental Health	1B	325.4	221.8	103.6	146.7	366.3
Other Community Care	1B	837.6	958.3	(120.7)	87.4	1,443.7
Occupational Therapy	1B	366.8	576.2	(209.4)	63.7	829.3
Home Care	1B	3,965.2	3,385.6	579.6	117.1	4,605.6
Criminal Justice	1B	75.3	116.7	(41.4)	64.5	180.1
Integrated Joint Board	1B	133.7	34.3	99.4	389.8	839.9
Service Total		20,853.2	17,560.3	3,292.9	118.8	26,382.6

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £713.7K</p> <p>Overspends relate to continued reliance on agency staff, increased staffing requirements as a result of Care Inspectorate reviews and increased need for placements out of Orkney.</p>	<p>Monitor the situation</p> <p>Recruitment continues with new avenues being tried, such as staff stories and videos to try to encourage people to move to Orkney. Our 'grow your own' Social Work programme continues and in 2024 we should have 3 more staff who complete their training. A number of options are being discussed and considered as part of trying to find solutions to bring children/young people back to Orkney, as well as trying to avoid having to use placements out of Orkney, if at all possible. We have made proposals to introduce new fostering, kinship and adoption rates to try to encourage local people to become foster carers and increase our pool of on island support (Residential Care inspection).</p>	Maureen Swannie	29/03/2024	Ongoing
R19D	<p>Older People - Residential</p> <p>More than anticipated expenditure by £1,036.7K</p> <p>Due to the use of agency staff to cover vacancies and long-term sickness to maintain staffing levels, increased facility costs and reduction in income.</p>	<p>Monitor the situation</p> <p>The service continues to adhere to all sickness/absence policies with a view to return staff to work where possible but also where appropriate to ill health retirement or capability. We continue to recruit and consider new ways to attract people to a career in the service. The impact of inflation across cost lines continues to have an effect.</p>	Lynda Bradford	31/03/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19E	<p>Older People - Independent Sector</p> <p>More than anticipated expenditure by £346.9K</p> <p>This is due to a number of people who have required care out with Orkney.</p>	<p>Monitor the situation</p> <p>Care packages are being reviewed. Each new care package requires an "extraordinary packages of care" meeting to scrutinise the proposed package before Chief Officer sign off. Once in place, any increased request in care is also closely scrutinised before approval.</p>	Lynda Bradford	31/01/2024	Ongoing
R19F	<p>Older People - Day Centres</p> <p>More than anticipated expenditure by £104.2K</p> <p>The overspend is due to the number of direct payment packages funded in lieu of day care.</p>	<p>Monitor the situation</p> <p>It is not possible to reduce day care staffing as day care places are utilised and Services continue to require to be staffed. A review of all direct payment packages to ensure they continue to be appropriate has begun however this will take some time to work through.</p>	Lynda Bradford	31/01/2024	Ongoing
R19G	<p>Disability</p> <p>More than anticipated expenditure by £635.0K</p> <p>Overspend is due to the use of agency staff, increased service user needs and a profiling issue.</p>	<p>Raise virement request</p> <p>Once the profiling issued is resolved the expenditure will come closer into line with budget. The use of agency staff, increased user needs being met by external service providers and direct payments continue to be needed in order meet user needs.</p>	Lynda Bradford	31/01/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19H	<p>Mental Health</p> <p>More than anticipated expenditure by £103.6K</p> <p>This is a profiling issue where funding budgeted to be received in Quarter 1 will be received later in the year.</p>	<p>Raise virement request</p> <p>A virement will be processed to reprofile the income budget to realign with when the income is expected to be received.</p>	Lynda Bradford	31/03/2024	Ongoing
R19I	<p>Other Community Care</p> <p>Less than anticipated expenditure by £120.7K</p> <p>This is due to vacancies within two of the teams which have been advertised with no successful recruitment and due to financial transactions to be processed between the Council and NHS Orkney.</p>	<p>Monitor the situation</p> <p>A fresh round of recruitment will be undertaken in 2024.</p>	Lynda Bradford	31/03/2024	Ongoing
R19J	<p>Occupational Therapy</p> <p>Less than anticipated expenditure by £209.4K</p> <p>Additional funding received in respect of the Home First team, but not all of this team are employed by OIC. There are also still some staff vacancies here.</p>	<p>Monitor the situation</p> <p>Service will continue to try to recruit and also ensure appropriate transfers of funds to NHS Orkney is undertaken.</p>	Lynda Bradford	31/03/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £579.6K</p> <p>The main reason for the overspends are the volume of staff vacancies and absences. In addition to this, the demand for direct payment packages is a sustained pressure and once a need has been assessed the preferred form of care has to be provided. Vacancies have required the service to be supported by agency staff on a long-term basis.</p>	<p>Monitor the situation</p> <p>All recipients of direct payment packages will be reviewed in the coming months. The service continues to adhere to all sickness/absence policies with a view to returning staff to work where possible or where appropriate move to ill health retirement or capability processes. The service continues to make considerable effort to recruit to vacant posts. A project to look at recruitment initiatives has commenced supported by the improvement team.</p>	Lynda Bradford	31/03/2024	Ongoing
R19L	<p>Criminal Justice</p> <p>Less than anticipated expenditure by £41.4K</p> <p>Ring fenced funding received from the Scottish Government, which will correct itself over the remainder of the year.</p>	<p>Raise virement request</p> <p>Service Manager is monitoring the funding and spend will be progressed as per annual delivery planning. A virement will be raised to reprofile the budget which will assist in reducing priority actions progressed.</p>	Maureen Swannie	01/03/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19N	Integrated Joint Board More than anticipated expenditure by £99.4K Full year charge for Chief Officer received ahead of the budget profiled.	Raise virement request A virement will be raised to reprofile the budget to come back into line with the actual spend.	Peter Thomas	31/03/2024	Ongoing