

ORKNEY HEALTH AND CARE COMMITTEE: 7 SEPTEMBER 2016

**REVENUE EXPENDITURE OUTTURN REPORT
FOR FINANCIAL YEAR 2015/16**

**JOINT REPORT BY CHIEF OFFICER, HEALTH AND SOCIAL CARE AND
HEAD OF FINANCE**

1. PURPOSE OF REPORT

- 1.1 To advise of the revenue outturn position for financial year 2015/16 for which the Committee is responsible.

2. RECOMMENDATIONS

The Committee is invited to note:-

- 2.1 the revenue expenditure outturn statement in respect of Social Care for financial year 2015/16, indicating a General Fund overspend of £491,000; and
- 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. POLICY ASPECTS

- 3.1 This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

4. INTRODUCTION

- 4.1 At its Special General Meeting held on 12 February 2015, as part of the budget setting process for 2015/16, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2015/16.

5. BACKGROUND

- 5.1 Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform committee members of the up to date financial position. Quarterly REMRs are being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.

- 5.2 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.
- 5.3 Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:-
- 5.3.1 £10,000 **and** 10% more or less than Anticipated position (1b); and
- 5.3.2 £50,000 more or less than Anticipated position (1c).
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements shown in Annex 1. 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 in Annex 2.
- 5.5 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.
- 5.6 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.

6. FINANCIAL SUMMARY

- 6.1 Annex 1 provides the detailed position by Service Area by Service Function. The table below provides a summary of the position across the Service Area.

	Spend	Budget	Over/Under		Annual
	£000	£000	Spend	%	Budget
General Fund Services	£000	£000	£000	%	£000
Social Care	18,186	17,695	491	102.8	17,695
Service Totals	18,186	17,695	491	102.8	17,695

- 6.2 The budget overspend across the General Fund service area is £491K, alternatively expressed as 102.8% of the anticipated net spending position for the year.
- 6.3 The Budget Action Plan attached as Annex 2 provides an explanation and proposed corrective action for each of the Priority Actions identified.

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 (IFRS). This includes accounting for the use of fixed assets e.g. depreciation and revaluations, current service cost of pensions and accumulated staff absences.

8. LEGAL ASPECTS

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

9. CONTACT OFFICERS

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10. ANNEXES

- 10.1 Annex 1 - Revenue Expenditure Outturn Statement for 2015/16
- 10.2 Annex 2 - Budget Action Plans

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2015/16

	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
Social Care						£000
Administration	1c	2,785	2,702	83	103.1	2,702
Childcare	1c	3,701	3,498	203	105.8	3,498
Elderly Residential	1b	4,740	4,284	456	110.6	4,284
Elderly Independent Sector		247	249	-2	99.2	249
Elderly Day Centres	1b	303	270	33	112.2	270
Disability	1c	3,250	3,593	-343	90.5	3,593
Mental Health		280	273	7	102.6	273
Other Community Care	1b	871	984	-113	88.5	984
Occupational Therapy		379	362	17	104.7	362
Home Care	1c	3,138	2,960	178	106.0	2,960
Criminal Justice		-14	35	-49	n/a	35
Integration Joint Board		5	0	5	n/a	0
Movement in Reserves		-1,515	-1,515	0	100.0	-1,515
Resource Transfer	1b	16	0	16	n/a	0
Service Totals		18,186	17,695	491	102.8	17,695

Budget Summary

Original Net Budget	17,635
Redetermination - Allocation of Kinship Care Allowance Funds	10
Redetermination - Community Justice Transitional Funding	50
Revised Net Budget	17,695

Movement in Reserves Statement

IFRS Accounting Entries	-810
<u>Transfer from Reserves:</u>	
Contribution from Innovation Fund - Fostering Services	-92
Contribution from Training Fund - Therapeutic Interventions	-5
Contribution from Training Fund - New Training Requirements	-15
Contribution from Outwith Orkney Placements Fund	-593
	-1,515

Annex 2: Budget Action Plan

Social Care				
Action Point	Function/Explanation	Action	Responsible Officer(s)	Status
SC16	<p>Administration Overspend £83K</p> <p>Increased charge in central services apportioned costs against budget</p>	<p>The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.</p>	C Sinclair	Ongoing
SC17	<p>Childcare Overspend £204K</p> <p>The major areas of overspend are the costs of placements of children both within and outwith Orkney.</p>	<p>Outwith Orkney placements are actively managed and service development is underway to minimise future use.</p> <p>The budget for children within Orkney is for one property but due to delays with the new property four properties were being utilised. This was reduced to two in December 2015.</p>	C Sinclair	Ongoing

Annex 2: Budget Action Plan

Social Care				
Action Point	Function/Explanation	Action	Responsible Officer(s)	Status
SC18	<p>Elderly Residential Overspend £456K</p> <p>This overspend is as a result of an increased bad debt provision, lower levels of fees for residential care, aborted project costs for St Rognvald House extension and Development and Infrastructure fees for the replacement of St Peter's House facility.</p>	<p>Analyse fee income for the past three years and establish the shortfall for discussion and resolution.</p> <p>Review all expenditure to identify areas of shortfall and possible ways to mitigate cost.</p>	C Sinclair	Ongoing
SC19	<p>Elderly Day Centres Overspend £33K</p> <p>As a result of Direct Payment overspend.</p>	<p>A review of the local approach to Self-Directed Support (SDS) has been undertaken and an action group set up to progress the findings of the review but the budget pressures are likely to remain.</p>	C Sinclair	Ongoing

Annex 2: Budget Action Plan

Social Care				
Action Point	Function/Explanation	Action	Responsible Officer(s)	Status
SC20	<p>Disability Underspend £343K</p> <p>This variance has arisen due to changes in service delivery to meet needs.</p>	<p>The savings identified are achieved within the current budget as a result of individuals ceasing to require a service. These savings will not be achieved in subsequent years unless individual circumstances vary and commissioning requirements are affected accordingly.</p> <p>Savings of £249K have been offered for 2016/17. Budgets to be reviewed and funding transferred to services where it is required.</p>	C Sinclair	
SC21	<p>Other Community Care Underspend £113K</p> <p>Mainly as a result of non-recurring savings in staff costs.</p>	No action required.	C Sinclair	

Annex 2: Budget Action Plan

Social Care				
Action Point	Function/Explanation	Action	Responsible Officer(s)	Status
SC22	<p>Home Care Overspend £178K</p> <p>Mainly caused by Direct Payments of £73K and reduction in budget for expected pool vehicles saving which has been delayed to the end of the financial year. This accounts for £66K.</p>	<p>A review of the local approach to SDS has been undertaken and an action group has been set up to progress the findings of the review but the budget pressures are likely to remain.</p>	C Sinclair	Ongoing
SC23	<p>Resource Transfer Overspend £16K</p> <p>As a result of Direct Payment overspend.</p>	<p>These budgets have been moved into the relevant service areas in financial year 2016/17 and will be monitored as required.</p> <p>A review of the local approach to SDS has been undertaken and an action group has been set up to progress the findings of the review but the budget pressures are likely to remain.</p>	C Sinclair	Ongoing