



**Item: 3.2**

**Policy and Resources Committee: 24 September 2024.**

**Revenue Expenditure Outturn – Orkney Health and Care.**

**Report by Head of Finance.**

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## **1. Overview**

- 1.1. 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.
- 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 Corporate Directors and their staff.

## 2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure outturn statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for financial year 2023/24, attached as Annex 1 to this report, indicating a budget overspend position of £3,943,100.
- ii. Note the 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 financial year 2023/24, attached as Annex 2 to this report,
- iii. Scrutinise 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 appropriate action was taken with regard to significant budget variances.

### **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.

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.

**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, on a quarterly basis, 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** Equality Impact Assessment is not required for financial monitoring.

**6. Island Communities Impact** 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.

**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, 23 February 2023, Budget and Council Tax Level for 2023/24.

Policy and Resources Committee, 20 June 2023, Detailed Revenue Budgets

### **Annexes**

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

**Annex 1: Financial Summary****March 2024**

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

<b>General Fund</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/(Under)</b>	<b>Spend</b>	<b>Annual</b>
<b>Service Area</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
					<b>£000</b>
Social Care	30,885.4	26,942.3	3,943.1	114.6	26,942.3
	<b>30,885.4</b>	<b>26,942.3</b>	<b>3,943.1</b>	<b>114.6</b>	<b>26,942.3</b>
<b>Service Totals</b>	<b>30,885.4</b>	<b>26,942.3</b>	<b>3,943.1</b>	<b>114.6</b>	<b>26,942.3</b>

## Annex 2: Financial Detail by Service Area

March 2024

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		3,248.6	3,241.0	7.6	100.2	3,241.0
Childcare	1B	6,401.5	5,092.5	1,309.0	125.7	5,092.5
Older People - Residential	1B	7,875.0	6,252.0	1,623.0	126.0	6,252.0
Older People - Independent Sector	1B	823.5	239.3	584.2	344.1	239.3
Older People - Day Centres	1B	262.4	208.9	53.5	125.6	208.9
Disability	1B	5,412.1	4,565.6	846.5	118.5	4,565.6
Mental Health	1B	434.1	375.1	59.0	115.7	375.1
Other Community Care	1C	1,379.9	1,504.8	(124.9)	91.7	1,504.8
Occupational Therapy	1B	551.4	646.5	(95.1)	85.3	646.5
Home Care	1C	5,311.4	4,834.5	476.9	109.9	4,834.5
Criminal Justice	1B	130.9	243.0	(112.1)	53.9	243.0
Integrated Joint Board	1B	157.3	841.8	(684.5)	18.7	841.8
Movement in Reserves	1B	(2,449.9)	(1,102.7)	(1,347.2)	222.2	(1,102.7)
Finance & Capital Charges	1B	1,347.2	0.0	1,347.2	0.0	0.0
<b>Service Total</b>		<b>30,885.4</b>	<b>26,942.3</b>	<b>3,943.1</b>	<b>114.6</b>	<b>26,942.3</b>

### Changes in original budget position:

Original Net Budget	27,074.3
Whole Family Wellbeing Fund	(132.0)
	<u>26,942.3</u>

Annex 3: Budget Action Plan

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R19C	<p><b>Childcare</b></p> <p>More than anticipated expenditure by £1,309.0K</p>	Darren Morrow	<p>Children and Families total staff costs related budgets were £822K overspent, as there was a continued reliance on agency staffing due to recruitment issues and long-term sickness. The actual spend on agency staff which includes accommodation and travel was £1,313K.</p> <p>Other Children and Families budgets had a net underspend of £53K.</p> <p>There was an overspend of £302K on Outwith Orkney Placements for young people. There was a corporate contribution of £330.8K towards these costs. There was also an overspend of £235K on Fostering Placements.</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 2 more staff who complete their training.</p> <p>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, with a small number returning home enabling a significant reduction in spend. A foster carer recruitment campaign will go live in autumn 2024, this will hopefully reduce the need for out with placements being required.</p> <p>A report will be presented to Committee to introduce new fostering, kinship and adoption rates to try to encourage local people to become foster carers and increase our pool of local support (Residential Care inspection).</p>

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
<b>R19D</b>	<p><b>Older People – Residential</b></p> <p>More than anticipated expenditure by £1,623.0K</p>	Lynda Bradford	There was a continued reliance on agency staffing due to recruitment issues and long-term sickness absence within residential care homes. In total the net cost of providing residential care was £1,623K overspent against budget. £1,032K of agency expenditure, which includes accommodation and travel, was incurred in residential care homes during the 2023/24 financial year.	<p>The Growing a Sustainable Social Care Workforce project recruitment campaign has just commenced, and it is hoped that with the recruitment of permanent staff, agency spend will reduce later in the financial year. Additional information will be provided on the number of successful applicants to enable a forecast of staff costs.</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.</p>
<b>R19E</b>	<p><b>Older People – Independent Sector</b></p> <p>More than anticipated expenditure by £584.2K</p>	Lynda Bradford	The trend of increasing volume of need for the provision of residential care by third parties outwith Orkney continued into the 2023/24 financial year with spend exceeding budget by £584K.	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.
<b>R19F</b>	<p><b>Older People – Day Centres</b></p> <p>More than anticipated expenditure by £53.5K</p>	Lynda Bradford	Day care centres budget was underspent by £30K and Direct Payments were £83K over budget for the year.	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.

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
<b>R19G</b>	<b>Disability</b>  More than anticipated expenditure by £846.5K	Lynda Bradford	The overall disability staffing budget was £442K overspent. £454K was spent on agency staff which includes accommodation and travel. Provision of learning disability supported accommodation was £401K overspent and disabled commissioned services was £338K overspent against budget.	The use of agency staff, increased user needs being met by external service providers and direct payments continue to be needed in order to meet user needs.
<b>R19H</b>	<b>Mental Health</b>  More than anticipated expenditure by £59.0K	Lynda Bradford	This relates to a shortfall in funding for Alcohol and Drug support workers.	This will be remedied in 2024/25 with a virement of funds from Alcohol and Drug Partnership.
<b>R19I</b>	<b>Other Community Care</b>  Less than anticipated expenditure by £124.9K	Lynda Bradford	There was an underspend of £125k due to staff vacancies.	Service will continue to try to recruit.
<b>R19J</b>	<b>Occupational Therapy</b>  Less than anticipated expenditure by £95.1K	Morven Gemmill	There was an underspend of £79K on staffing due to vacancies and an underspend of £48K on other Occupational Therapy budgets. This was offset by £30K overspend on energy costs and rates relating to the Selbro Centre.	Service will continue to try to recruit.



<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
<b>R19K</b>	<b>Care at Home</b>  More than anticipated expenditure by £476.9K	Lynda Bradford	<p>There was a continued reliance on agency staffing due to recruitment issues and increasing demand within the Care at Home service. The staffing budget was £364K overspent. £1,380K was spent on agency staff within the Care at Home service.</p> <p>Other areas of overspend within the service were £71K on respite care provision and £28K on Meals on Wheels.</p> <p>The recharge amount for the services included in the Integrated Fund was greater than the approved uplift amount resulting in a £78K overspend.</p>	<p>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.</p> <p>The Growing a Sustainable Social Care Workforce project recruitment campaign has just commenced, and it is hoped that with the recruitment of permanent staff, agency spend will reduce later in the financial year.</p>
<b>R19L</b>	<b>Criminal Justice</b>  Less than anticipated expenditure by £112.1K	Darren Morrow	The underspend was mainly as a result of additional grant income received.	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.
<b>R19N</b>	<b>Integration Joint Board</b>  Less than anticipated expenditure by £684.5K	Stephen Brown	This relates to additional money that had been received from Scottish Government. Although there are investment plans for this, the money has been held to offset overspends in other areas.	This position will be reviewed in 2024/25.

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<b>R19U</b>	<b>Movement in Reserves</b>  More than anticipated income by £1,347.2K	Erik Knight	Variance has occurred through the processing of year end transactions, which are not budgeted.	No action required.
<b>R19Y</b>	<b>Finance &amp; Capital Charges</b>  More than anticipated expenditure by £1,347.2K	Erik Knight	Variance has occurred through the processing of year end transactions, which are not budgeted.	No action required.