

## **Item: 4.2**

**Policy and Resources Committee: 19 September 2023.**

**Revenue Expenditure Outturn.**

**Report by Head of Finance.**

### **1. Purpose of Report**

To advise of the revenue outturn position for financial year 2022/23 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 service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for financial year 2022/23, attached as Annex 1 to this report, indicating a deficit of £1,841,700.

#### **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 financial year 2022/23, 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 appropriate action was taken with regard to significant budget variances.

### **3. Background**

#### **3.1.**

On 10 March 2022, the Council set its overall revenue budget for financial year 2022/23. On 21 June 2022, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2022/23, 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 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 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**

Erik Knight, Head of Finance, extension 2127, Email [erik.knight@orkney.gov.uk](mailto:erik.knight@orkney.gov.uk)

## **9. Annexes**

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

**Annex 1: Financial Summary****March 2023**

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	27,086.5	25,244.8	1,841.7	107.3	25,244.8
<b>Service Totals</b>	<b>27,086.5</b>	<b>25,244.8</b>	<b>1,841.7</b>	<b>107.3</b>	<b>25,244.8</b>

The following tables show the spending position by service function

### General Fund

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
<b>Social Care</b>						
Administration - SW	1C	6,683.8	6,528.4	155.4	102.4	6,528.4
Childcare	1C	5,030.9	4,612.0	418.9	109.1	4,612.0
Older People - Residential	1B	6,531.6	5,699.8	831.8	114.6	5,699.8
Older People - Independent Sector	1B	555.4	440.8	114.6	126.0	440.8
Older People - Day Centres	1B	257.2	177.5	79.7	144.9	177.5
Disability	1C	4,682.6	4,536.5	146.1	103.2	4,536.5
Mental Health	1B	216.2	307.4	(91.2)	70.3	307.4
Other Community Care	1C	1,180.0	1,126.8	53.2	104.7	1,126.8
Occupational Therapy	1B	521.3	468.0	53.3	111.4	468.0
Home Care	1C	5,231.4	5,064.0	167.4	103.3	5,064.0
Criminal Justice	1B	83.8	141.4	(57.6)	59.3	141.4
Integrated Joint Board	1B	226.1	256.0	(29.9)	88.3	256.0
Movement in Reserves	1C	(3,772.0)	(4,113.8)	341.8	91.7	(4,113.8)
Finance & Capital Charges	1B	(341.8)	0.0	(341.8)	0.0	0.0
<b>Service Total</b>		<b>27,086.5</b>	<b>25,244.8</b>	<b>1,841.7</b>	<b>107.3</b>	<b>25,244.8</b>

### Changes in original budget position:

Original Net Budget	24,252.6
Ph II Corp Mgt Restructure IJB/GF	98.6
Ph II Corp Mgt Restructure IJB/GF	124.3
Ph II Corp Mgt Restructure IJB	161.9
Ph II Corp Mgt Restructure IJB: Social Worker	56.7
Ph II Corp Mgt Restructure IJB:	54.7
National Trauma Training Programme reinstatement from RSG	50.0
Care Home Winter From Redeterminations Fund	271.0
Interim Care Winter from Redeterminations Fund	175.0
	<b>25,244.8</b>

### 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>
R19A	Administration – SW	Bradford, Lynda	The overspend relates to the PARIS upgrade (the information system used by Social Work) which took place as part of the Improvement Plan action without budget being available for the essential works.	No action required.
R19C	Childcare	Swannie, Maureen	Continued use of agency staff. Continued additional Out of Orkney placements	Monitor and parallel plan where possible. Longer term solutions to be sought.
R19D	Older People – Residential	Bradford, Lynda	The reasons for the overspend fall into 3 headings which are all unavoidable: <ul style="list-style-type: none"> <li>• The need for agency staff due to staff sickness and vacancies</li> <li>• General increased cost of living and some significant property costs</li> <li>• Fewer care home residents who pay full cost</li> </ul>	Action continues to try to reduce the need for agency staff.
R19E	Older People – Independent Sector	Bradford, Lynda	Overspend is due to an unfunded extraordinary package of care being required.	Monitor the situation.
R19F	Older People – Day Centres	Bradford, Lynda	The overspend is in relation to a direct payment in lieu of day care. Once assessed as requiring the service it must be provided. There is no capacity to reduce in house services to release	Monitor the situation.

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
			funding.	
R19G	Disability	Bradford, Lynda	The overspend is mainly attributed to additional support being required beyond budget expectations.	Monitor the situation.
R19H	Mental Health	Bradford, Lynda	The underspend is due to lower overtime hours being worked than budgeted and lower third-party payment costs than anticipated.	Monitor the situation.
R19I	Other Community Care	Bradford, Lynda	The overspend is due to increased staff costs and supplies and services within Telecare, together with a considerable overspend in staff costs in Adult Support and Protection.	Monitor the situation.
R19J	Occupational Therapy	Bradford, Lynda	The overspend is a combination of rising costs, rates which are not included in the budget and demand for small grants.	The demand for small grants will be reviewed.
R19K	Home Care	Bradford, Lynda	The overspend is a combination of agency costs and direct payments which require to be funded when need assessed.	All vacancy measure taken to try to reduce agency reliance.
R19L	Criminal Justice	Swannie, Maureen	New posts took longer to recruit to than anticipated. Ring fenced funding not fully utilised.	Posts now recruited to. This should address future spend in relation to ring fenced funding.
R19N	Integrated Joint Board	Brown, Stephen	The underspend is due to the Chief Finance Officer post becoming vacant in October.	The post has now been recruited to.
R19U	Movement in Reserves	Knight, Erik	Variance has occurred through the processing of year end transactions,	No action required

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
			which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal. These transactions are applied to their relevant non-useable reserve through the Movement in Reserves budget area.	
R19Y	Finance & Capital Charges	Knight, Erik	Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal.	No action required