

Item: 4

Orkney Health and Care Committee: 13 September 2018.

Revenue Expenditure Monitoring.

Joint Report by Chief Officer/Executive Director, Orkney Health and Care and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2018 across each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement in respect of Orkney Health and Care for the period 1 April to 30 June 2018, attached as Annex 1 to this report, indicating an underspend position of £30,200.

2.2.

The revenue financial detail by Service Area statement in respect of Orkney Health and Care for the period 1 April to 30 June 2018, attached as Annex 2 to this report.

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.

3. Introduction

At its Special General Meeting held on 22 February 2018, as part of the budget setting process for 2018 to 2019, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2018 to 2019.

4. Background

4.1.

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

4.2.

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.

4.3.

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- £10,000 and 10% more or less than Anticipated position (1b).
- £50,000 more or less than Anticipated position (1c).

4.4.

Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements. 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.

4.5.

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.

4.6.

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.

5. Financial Summary

5.1.

The financial summary for the period 1 April to 30 June 2018 is attached as Annex 1 to this report.

5.2.

The details by Service Area statement is attached as Annex 2 to this report.

5.3.

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.

6. 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.

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.

8. Legal Aspects

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

9. Contact Officers

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Gareth Waterson, Head of Finance, extension 2103, Email gareth.waterson@orkney.gov.uk.

10. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

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

| Service Area | Spend £000 | Budget £000 | Over/Under Spend | | Annual Budget £000 |
|-----------------------|-----------------------|------------------------|-------------------------|-------------|-----------------------------------|
| | | | £000 | % | |
| Social Care | 4,548.0 | 4,578.2 | -30.2 | 99.3 | 18,553.8 |
| Service Totals | 4,548.0 | 4,578.2 | -30.2 | 99.3 | 18,553.8 |

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

| Service Area | No. of PAs | | Service Functions | PAs/ Function |
|---------------------|-------------------|------------|------------------------------|--------------------------|
| | P02 | P03 | | |
| Social Care | 7 | 8 | 12 | 67% |
| Totals | 7 | 8 | 12 | 67% |

Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

| Social Care | PA | Spend £000 | Budget £000 | Over/Under £000 | Spend % | Annual Budget £000 |
|------------------------------|-----------|-----------------------|------------------------|----------------------------|--------------------|-----------------------------------|
| Administration - SW | | 378.3 | 395.1 | -16.8 | 95.8 | 2,020.1 |
| Childcare | | 805.5 | 771.0 | 34.5 | 104.5 | 3,429.2 |
| Elderly - Residential | 1C | 1,290.4 | 1,344.9 | -54.5 | 95.9 | 5,340.7 |
| Elderly - Independent Sector | 1B | 81.7 | 8.9 | 72.8 | 917.6 | 337.8 |
| Elderly - Day Centres | | 137.4 | 125.6 | 11.8 | 109.5 | 497.7 |
| Disability | 1C | 1,038.4 | 1,103.3 | -64.9 | 94.1 | 5,309.6 |
| Mental Health | 1B | 39.7 | 57.3 | -17.6 | 69.4 | 268.1 |
| Other Community Care | 1B | 197.3 | 230.0 | -32.7 | 85.8 | 844.1 |
| Occupational Therapy | 1B | 99.5 | 83.9 | 15.6 | 118.5 | 385.4 |
| Home Care | 1C | 940.1 | 882.1 | 58.0 | 106.6 | 3,480.3 |
| Criminal Justice | 1B | 11.5 | 23.6 | -12.1 | 48.4 | 43.2 |
| Integrated Joint Board | | -471.8 | -447.5 | -24.3 | 105.4 | -3,402.4 |
| Service Total | | 4,548.0 | 4,578.2 | -30.2 | 99.3 | 18,553.8 |

Changes in original budget position:

| | |
|---|-----------------|
| Original Net Budget | 18,181.8 |
| Contingency Fund Pressure Bid - Residential Childcare | 372.0 |
| | 18,553.8 |

Annex 3: Budget Action Plan

Social Care

| Function | Function Description/ Explanation | Action Category/ Action Description | Responsible Officer | Deadline | Status |
|----------|--|---|------------------------|------------|---------|
| R19D | <p>Elderly - Residential</p> <p>Less than anticipated expenditure by £54.5K</p> <p>The payments regarding sleepovers being paid at the Living Wage has not yet been finalised.</p> | <p>Raise virements request</p> <p>Work is ongoing to identify the payments that will be made regarding the issue. A virement will be processed to reprofile the budget.</p> | John Trainor | 31/09/2018 | Ongoing |
| R19E | <p>Elderly - Independent Sector</p> <p>More than anticipated expenditure by £72.8K</p> <p>There is a profiling issue in regard to the timescales of when invoices are received for commissioned placements.</p> | <p>Process transaction(s)</p> <p>A virement will be processed to reprofile the spend which will show an accurate reflection and a projection will be completed to illustrate the actual year end position.</p> | John Trainor | 31/07/2018 | Ongoing |
| R19G | <p>Disability</p> <p>Less than anticipated expenditure by £64.9K</p> <p>There have been some vacancies and one high cost package is currently not being fully utilised due to inability to recruit.</p> | <p>Raise virements request</p> <p>The service in regards to the high cost package is being delivered in an alternative way to meet the needs identified. Any underspend will be vired to cover budgets that have shortfalls.</p> | John Trainor | 31/08/2018 | New |
| R19H | <p>Mental Health</p> <p>Less than anticipated expenditure by £17.5K</p> <p>There have been vacancies within the team.</p> | <p>Process transaction(s)</p> <p>Any underspend will be reallocated to areas/ budgets that have shortfalls.</p> | John Trainor | 31/08/2018 | Ongoing |

Annex 3: Budget Action Plan

Social Care

| Function | Function Description/ Explanation | Action Category/ Action Description | Responsible Officer | Deadline | Status |
|----------|--|--|------------------------|------------|---------|
| R19I | <p>Other Community Care</p> <p>Less than anticipated expenditure by £32.7K</p> <p>There are some vacancies within the team.</p> | <p>Raise virements request</p> <p>This has given an opportunity to look at the current staffing structures in place. Any underspend will be utilised in budgets that have shortfalls.</p> | John Trainor | 31/10/2018 | Ongoing |
| R19J | <p>Occupational Therapy</p> <p>More than anticipated expenditure by £15.6K</p> <p>There are profiling issues in regard to equipment and property costs.</p> | <p>Raise virements request</p> <p>The budgets will be reprofiled to illustrate the actual spend.</p> | John Trainor | 31/08/2018 | New |
| R19K | <p>Home Care</p> <p>More than anticipated expenditure by £58.1K</p> <p>The demand for direct payments in lieu of Home Care continues to grow. Within in-house service there has been no ability to reduce the service to compensate as ageing population is continuing to increase.</p> | <p>Raise virements request</p> <p>A virement will be processed to reallocate budgets from budgets that have underspends.</p> | John Trainor | 31/10/2018 | New |
| R19L | <p>Criminal Justice</p> <p>Less than anticipated expenditure by £12.2K</p> <p>There have been vacancies in the early part of this year.</p> | <p>No action required</p> <p>These vacancies have now been recruited to. Any underspend as in previous years will be used to maximise this ringfenced income.</p> | Sally Shaw | 31/07/2018 | Ongoing |