

**ORKNEY HEALTH AND CARE COMMITTEE: 20 JANUARY 2016**

**REVENUE EXPENDITURE MONITORING REPORT AS AT 30 NOVEMBER 2015**

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

**1. PURPOSE OF REPORT**

- 1.1 To advise on the financial performance of Orkney Health and Care for the period 1 April to 30 November 2015.

**2. RECOMMENDATIONS**

The Committee is invited to note:-

- 2.1 the revenue expenditure statement in respect of Social Care for the period 1 April to 30 November 2015, indicating a General Fund overspend of £408,000; 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. From this committee cycle onwards 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;
- 5.3.2 £50,000 more or less than Anticipated position.
- 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.

	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
<b>General Fund Services</b>	<b>£000</b>	<b>£000</b>	<b>Spend</b>	<b>%</b>	<b>Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Social Care	11,951	11,543	408	103.5	17,645
<b>Service Totals</b>	<b>11,951</b>	<b>11,543</b>	<b>408</b>	<b>103.5</b>	<b>17,645</b>

- 6.2 Across 1 service area and 13 service functions, 7 Priority Actions have been generated which identify the main areas of budget variance. The number of Priority Actions which are generated across a particular Service Area is an indicator of the level of control that exists across that service.
- 6.3 Compared to last month, the total number of PAs has increased as follows:

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/Function</b>
	<b>P7</b>	<b>P8</b>		
Social Care	6	7	13	54%
<b>Totals</b>	<b>6</b>	<b>7</b>	<b>13</b>	<b>54%</b>

- 6.4 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.

## **8. LEGAL ASPECTS**

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

## **9. CONTACT OFFICERS**

- 9.1 Caroline Sinclair, Chief Officer, Health and Social Care, Ext. 2616  
[caroline.sinclair@orkney.gov.uk](mailto:caroline.sinclair@orkney.gov.uk)
- 9.2 Gareth Waterson, Head of Finance, Ext 2103  
[gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk)

## **10. ANNEXES**

- 10.1 Annex 1: Revenue Expenditure Statements as at 30 November 2015
- 10.2 Annex 2: Budget Action Plan

**Annex 1: Revenue Expenditure Statement as at 30 November 2015**

		<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
<b>Social Care</b>						
Administration	<b>1c</b>	690	741	-51	93.1	1,877
Childcare	<b>1c</b>	2,414	2,248	166	107.4	3,137
Elderly Residential	<b>1c</b>	3,120	2,884	236	108.2	4,284
Elderly Independent Sector		148	156	-8	94.9	249
Elderly Day Centres	<b>1b</b>	200	175	25	114.3	270
Disability	<b>1c</b>	2,054	2,161	-107	95.0	3,593
Mental Health		208	210	-2	99.0	273
Other Community Care		590	592	-2	99.7	984
Occupational Therapy		244	226	18	108.0	362
Home Care	<b>1c</b>	2,021	1,917	104	105.4	2,960
Criminal Justice		-16	-15	-1	106.7	-15
Movement in Reserves		0	0	0	n/a	-329
Resource Transfer	<b>1b</b>	278	248	30	112.1	0
<b>Service Totals</b>		<b>11,951</b>	<b>11,543</b>	<b>408</b>	<b>103.5</b>	<b>17,645</b>

**Annex 2: Budget Action Plan**

<b>Social Care</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>SC2</b>	<p><b>Childcare</b> Overspend £166K</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 are currently utilised. This will be reduced to two by the end of December 2015.</p> <p>A contribution from the Outwith Orkney Placement Fund of £247K has been processed in November.</p>	M O'Sullivan	<b>31/03/16</b>	<b>P3 Action - Ongoing</b>

## Annex 2: Budget Action Plan

<b>Social Care</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>SC3</b>	<p><b>Elderly Residential</b> Overspend £236K</p> <p>Primarily as a result of fees received being lower than anticipated, due to low number of self-funding residents.</p>	Continue to monitor all budgets within this service area and balance with budget virements when possible.	C Sinclair	<del>30/09/15</del> <del>31/12/15</del> 31/03/16	<b>P3 Action - Ongoing</b>
<b>SC5</b>	<p><b>Disability</b> Underspend £107K</p> <p>This variance has arisen due to changes in service needs; as well as differences between amounts invoiced by service providers and budget profiles.</p>	Budget holders' meeting held in late November and actions agreed to better monitor budgets. Saving from one package coming to an end has been offered as part of the budget setting process for 2016/17.	C Sinclair	<del>30/09/15</del> <del>30/11/15</del> 31/03/16	<b>P3 Action - Ongoing</b>
<b>SC6</b>	<p><b>Mental Health</b> Underspend £2K</p> <p>Awaiting transfer of funds from NHS Orkney to the Council for a specific post.</p>		C Sinclair	<del>30/09/15</del> 30/11/15	<p><b>P3 Action – Completed</b></p> <p>Budget has been reprofiled to match funds transfer for specific post.</p>

## Annex 2: Budget Action Plan

<b>Social Care</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>SC11</b>	<p><b>Administration</b> Underspend £51K</p> <p>Grant to implement Fair Working Practice of £48k received from Scottish Government.</p>	Consider where this funding is required within the Service.	C Sinclair	<b>31/03/16</b>	<b>P7 Action - Ongoing</b>
<b>SC12</b>	<p><b>Resource Transfer</b> Overspend £30K</p> <p>Direct Payments are the main cause of this overspend.</p>	Service Pressure bid for these packages has been submitted as part of the budget setting process for financial year 2016/17.	C Sinclair	<del>30/11/15</del> <b>31/03/16</b>	<b>P7 Action - Ongoing</b>
<b>SC13</b>	<p><b>Elderly Day Centres</b> Overspend £25K</p> <p>As a result of Direct Payment overspend of £32K.</p>	Service Pressure bid has been submitted as part of the budget setting process for financial year 2016/17.	C Sinclair	<b>31/03/16</b>	<b>New Action</b>

**Annex 2: Budget Action Plan**

<b>Social Care</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>SC14</b>	<p><b>Homecare</b> Overspend £104K</p> <p>Mainly caused by Direct Payments of £43K and reduction in budget for pool vehicles saving which has been delayed to the end of the financial year.</p>	<p>Service Pressure bid submitted as part of the budget setting process for financial year 2016/17 for Direct Payments.</p> <p>Also strict management of budgets to minimise overspend.</p>	C Sinclair	<b>31/03/16</b>	<b>New Action</b>