



Item: 19.2

Policy and Resources Committee: 18 February 2025.

Revenue Expenditure Monitoring – Orkney Health and Care.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, 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.
- 1.7. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for the period 1 April to 31 December 2024, attached as Annex 1 to this report, indicating a budget overspend position of £2,044,700.
- ii. Note 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 the period 1 April to 31 December 2024, 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 is being 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.
In addition, in accordance with the Orkney Integration Scheme, when forecasting an overspend, the Chief Officer and the Chief Finance Officer of the Integration Joint Board are required to prepare a recovery plan setting out how they propose to return to a breakeven position.
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** An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** An 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, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

December 2024

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

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Social Care	22,051.1	20,006.4	2,044.7	110.2	29,298.9
	22,051.1	20,006.4	2,044.7	110.2	29,298.9
Service Totals	22,051.1	20,006.4	2,044.7	110.2	29,298.9

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Social Care	9	10	12	83%
Totals	9	10	12	83%

The following tables show the spending position by service function

General Fund

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Social Care						
Administration - SW	1B	802.3	1,144.3	(342.0)	70.1	2,556.2
Childcare	1B	4,348.0	3,700.9	647.1	117.5	5,360.5
Older People - Residential	1B	5,880.2	4,827.6	1,052.6	121.8	6,669.6
Older People - Independent Sector	1B	887.9	251.8	636.1	352.6	305.2
Older People - Day Centres		182.8	190.7	(7.9)	95.9	243.3
Disability	1C	3,984.6	3,911.3	73.3	101.9	5,465.3
Mental Health	1B	251.8	327.0	(75.2)	77.0	380.4
Other Community Care	1B	983.9	1,114.7	(130.8)	88.3	1,550.1
Occupational Therapy		380.9	349.3	31.6	109.0	561.2
Home Care	1C	4,089.2	3,996.1	93.1	102.3	5,182.3
Criminal Justice	1B	164.8	117.7	47.1	140.0	191.8
Integration Joint Board	1B	94.7	75.0	19.7	126.3	833.0
Service Total		22,051.1	20,006.4	2,044.7	110.2	29,298.9

Changes in original budget position:

Original Net Budget	28,697.8
Children's Social Care Pay Uplift	59.0
Social Care 2024/25 Staff Back Pay	542.1
	29,298.9

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19A	<p>Administration - SW</p> <p>Less than anticipated expenditure by £342.0K</p> <p>This is a short-term issue as 2nd half payments to third sector organisations are not yet concluded. The budget should come back into balance when this is actioned.</p>	<p>Monitor the situation</p> <p>To ensure all half year payments are actioned</p>	Lynda Bradford	28/02/2025	Ongoing
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £647.1K</p> <p>Additional costs in relation to sickness cover, staff training and backfill for staff within residential care. Also the additional residential care facility has caused additional costs. Still a requirement for agency cover to cover vacant posts.</p>	<p>Monitor the situation</p> <p>All budgets will be reviewed to identify underspends that can cover these training costs. Recruitment is ongoing to have permanent employed staff within the service.</p>	Darren Morrow	31/03/2025	Ongoing
R19D	<p>Older People - Residential</p> <p>More than anticipated expenditure by £1,052.6K</p> <p>Due to ongoing use of agency staff to cover vacancies and long-term sickness to maintain safe staffing levels. There are also increased costs for supplies and services.</p>	<p>Management input required</p> <p>Recruitment incentives commenced in the latter half of June 2024. Some small success has been achieved but not yet significant. The incentives project has a further 6 months to run. Every effort is made to recruit to posts and also to return people to work from sickness absence thereby reducing backfill costs.</p>	Lynda Bradford	28/02/2025	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19E	<p>Older People - Independent Sector</p> <p>More than anticipated expenditure by £636.1K</p> <p>Due to a growing number of people who have required care outwith Orkney. Whilst care packages are regularly scrutinised the care needs of these adults is such that they will not be able to return.</p>	<p>Monitor the situation</p> <p>A new package is subject to considerable scrutiny via the Extraordinary Package of Care process. It is then approved by the Chief Officer. Increases in established packages also required to be approved.</p>	Lynda Bradford	28/02/2025	Ongoing
R19G	<p>Disability</p> <p>More than anticipated expenditure by £73.3K</p> <p>This is predominantly due to the need to fill in- house service gaps with costly agency staff. There is also some unavoidable service delivery which is unfunded.</p>	<p>Monitor the situation</p> <p>Recruitment incentives commenced in the latter half of June 2024. Some small success has been achieved but not yet significant. The incentives project has a further 6 months to run. Every effort is made to recruit to posts and also to return people to work from sickness absence thereby reducing backfill costs.</p>	Lynda Bradford	28/02/2025	New
R19H	<p>Mental Health</p> <p>Less than anticipated expenditure by £75.2K</p> <p>The underspend is primarily due to 1.5FTE Administrative Assistant vacancies.</p>	<p>Monitor the situation</p> <p>One post has been successfully recruited to which will reduce the level of underspend for the last quarter of the year.</p>	Lynda Bradford	28/02/2025	Ongoing

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 £130.8K</p> <p>The underspend is due to staff vacancies and 2023/24 recharge for staff costs that the NHS has not yet issued an invoice. Grant funding not yet transferred to NHSO. Continue with recruitment process.</p>	<p>Raise journals request</p> <p>Continue with recruitment process and review actions of NHSO funding. Reminder to be sent to NHSO to raise invoice.</p>	Lynda Bradford	28/02/2025	Ongoing
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £93.1K</p> <p>Although the direct payments is considerably underspent the care at home service pressures are such that this budget is overspent. The vacancy rate requires considerable agency backfill.</p>	<p>Monitor the situation</p> <p>Recruitment incentives commenced in the latter half of June 2024. some small success has been achieved but not yet significant. the incentives project has a further 6 months to run. every effort is made to recruit to posts and also to return people to work from sickness absence thereby reducing backfill costs.</p>	Lynda Bradford	28/02/2025	Ongoing
R19L	<p>Criminal Justice</p> <p>More than anticipated expenditure by £47.1K</p> <p>Criminal Justice has been awarded an additional £64K grant allocation to support post pandemic recovery work and bail services. This grant income is currently not included in the budget. This grant income will offset the overspend when received.</p>	<p>Raise virements request</p> <p>A virement will be posted to include the grant income.</p>	Darren Morrow	31/03/2025	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19N	<p>Integration Joint Board</p> <p>More than anticipated expenditure by £19.7K</p> <p>The staff costs budget is overspent because the Chief Finance Officer (CFO) post was filled by agency. Agency cost is higher than the allocated budget. The agency arrangement ended in December 2024.</p>	<p>Monitor the situation</p> <p>The successful applicant for the post ultimately withdrew their application. The CFO post is currently vacant which will improve the budget position. Work is ongoing to find a solution for the vacant CFO position.</p>	Stephen Brown	31/01/2025	Ongoing