

Item: 3

Orkney Health and Care Committee: 14 November 2019.

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 September 2019 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 September 2019, attached as Annex 1 to this report, indicating an underspend position of £282,800.

2.2.

The revenue financial detail by Service Area statement in respect of Orkney Health and Care for the period 1 April to 30 September 2019, 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. Background

3.1.

On 5 March 2019, the Council set its overall revenue budget for financial year 2019 to 2020. On 23 April 2019, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month in order to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

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:

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

3.7.

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.

4. Financial Summary

4.1.

The financial summary for the period 1 April to 30 September 2019 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 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.

6. Financial Implications

6.1.

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.

6.2.

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.

7. Legal Aspects

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

8. Contact Officers

Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care, extension 2601, Email sally.shaw@orkney.gov.uk.

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

9. 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	Budget	Over/Under Spend		Annual Budget £000
	£000	£000	£000	%	
Social Care	9,765.1	10,047.9	-282.8	97.2	19,757.9
Service Totals	9,765.1	10,047.9	-282.8	97.2	19,757.9

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P05	P06		
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	1B	538.8	460.0	78.8	117.1	2,056.5
Childcare		1,639.4	1,685.9	-46.5	97.2	3,631.8
Elderly - Residential		2,819.4	2,802.4	17.0	100.6	5,576.0
Elderly - Independent Sector	1B	79.9	210.3	-130.4	38.0	337.8
Elderly - Day Centres		276.2	266.0	10.2	103.8	515.7
Disability	1C	2,441.7	2,384.8	56.9	102.4	5,604.7
Mental Health	1B	92.8	138.6	-45.8	66.9	283.9
Other Community Care	1B	500.7	405.5	95.2	123.5	960.7
Occupational Therapy		197.7	182.8	14.9	108.1	392.9
Home Care	1C	2,046.4	1,901.0	145.4	107.6	3,709.9
Criminal Justice	1B	35.3	2.5	32.8	1,411.3	54.8
Integrated Joint Board	1B	-903.2	-391.9	-511.3	230.5	-3,366.8
Service Total		9,765.1	10,047.9	-282.8	97.2	19,757.9

Changes in original budget position:

Original Net Budget	19,552.1
Contingency budget to Braeburn	203.8
Redetermination - Appropriate Adult	2.0
	19,757.9

Annex 3: Budget Action Plan

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19A	<p>Administration - SW</p> <p>More than anticipated expenditure by £78.8K</p> <p>The payments to some of the lunch clubs were made earlier than anticipated. The profile for the income from NHS Orkney is also incorrect.</p>	<p>Raise virements request</p> <p>The profile for the lunch clubs will be amended to reflect when payments were made. There is also work being done on the completion of transfer of funds between the Council and NHS Orkney which will be completed in the next few weeks.</p>	Lynda Bradford	31/10/2019	New
R19E	<p>Elderly - Independent Sector</p> <p>Less than anticipated expenditure by £130.4K</p> <p>There are packages of care which have ceased.</p>	<p>Monitor the situation</p> <p>There are new high cost packages of care which will commence within this financial year. Although the budgets will remain any underspend will aid other areas of financial pressure.</p>	Lynda Bradford	31/10/2019	Ongoing
R19G	<p>Disability</p> <p>More than anticipated expenditure by £56.9K</p> <p>Payment of commissioned services was made earlier than the anticipated profile.</p>	<p>Raise virements request</p> <p>A virement will be processed to reprofile the expenditure. However, it is sometimes difficult to anticipate timing of invoices being received.</p>	Lynda Bradford	31/10/2019	New
R19H	<p>Mental Health</p> <p>Less than anticipated expenditure by £45.8K</p> <p>There is an underspend due to vacant Support Worker posts.</p>	<p>Management input required</p> <p>There is a tender process underway in relation to one vacant support worker post. The second post will be advertised shortly.</p>	Lynda Bradford	31/10/2019	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>More than anticipated expenditure by £95.2K</p> <p>The costs of joint posts have not been finalised to have the transfer of funds made between the Council and NHS Orkney.</p>	<p>Manage income/expenditure</p> <p>The Finance team will have the costs completed by the end of this month and the funds will be transferred/received as appropriate within the next few weeks.</p>	Lynda Bradford	31/10/2019	Ongoing
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £145.4K</p> <p>Once a person has been assessed as requiring a service this must be provided regardless of whether there is sufficient budget available.</p>	<p>Monitor the situation</p> <p>Although budgets are no longer being transferred between cost centres this will highlight the true shortfall of budget within Home Care. For this financial year it is anticipated that the underspends within other budget areas will reduce the overall overspend.</p>	Lynda Bradford	31/10/2019	Ongoing
R19L	<p>Criminal Justice</p> <p>More than anticipated expenditure by £32.8K</p> <p>The funds from the Scottish Government have not been received within the timescales anticipated.</p>	<p>Monitor the situation</p> <p>A virement will be processed to address this issue. However, it is dependent on when the funds are received.</p>	Scott Hunter	31/03/2020	Ongoing

Annex 3: Budget Action Plan

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19N	Integrated Joint Board More than anticipated income by £511.3K The funding in regard to resource transfer was received earlier than anticipated.	Raise virements request A virement will be processed to amend the profile.	Sally Shaw	31/10/2019	New