

Item: 6

Policy and Resources Committee: 21 June 2022.

Local Government Benchmarking Framework.

Joint Report by Corporate Director for Strategy Performance and Business Solutions, Corporate Director for Enterprise and Sustainable Regeneration and Chief Officer, Orkney Health and Social Care Partnership.

1. Purpose of Report

To scrutinise service performance against relevant indicators within the Local Government Benchmarking Framework for 2020/21, which fall under the remit of the Policy and Resources Committee.

2. Recommendations

The Committee is invited to scrutinise:

2.1.

The performance of the Council against the Local Government Benchmarking Framework Indicators for 2020/21, attached as Appendix 1 to this report, which fall under the remit of the Policy and Resources Committee.

3. Background

3.1.

The Council has been reporting performance information in accordance with the requirements of the Local Government Benchmarking Framework (LGBF) since 2010/11. This is a statutory function of Scottish local government.

3.2.

The Improvement Service – the national improvement service for local government in Scotland – co-ordinates and facilitates the LGBF process. Some indicators are reported directly to the Improvement Service, with data for other indicators being gathered by the Improvement Service from various sources, to which all local authorities make annual returns.

3.3.

LGBF data is published annually by the Improvement Service in its National Benchmarking Overview Report, although it is approximately one year out-of-date at the time of publication. The 2020/21 report was published on 4 March 2022.

4. Response to the Best Value Assurance Report 2017

4.1.

Although the Council has reported its performance in accordance with the LGBF requirements for several years, primarily through its Annual Performance Report, on 17 April 2018, the Policy and Resources Committee recommended that, from 2019, this information would also be reported to Service Committees for scrutiny.

4.2.

This commitment is part of the Council's response to recommendations in the Best Value Assurance Report, which was published in December 2017. This was subsequently incorporated into the Council Delivery Plan 2018 to 2023.

5. Performance

5.1.

Appendix 1 sets out the performance against the Local Government Benchmarking indicators in 2020/21 which fall under the remit of the Policy and Resources Committee. This includes comparisons with previous years' performance, the Scottish average and other local authorities in Orkney's benchmarking 'family groups'. There is also an analysis of performance and comment on any future action for each indicator.

5.2.

For Children's Services and Adult Social Care Services, similar councils are grouped by their level of deprivation. For these indicators Orkney's family group includes:

- East Renfrewshire.
- East Dunbartonshire.
- Aberdeenshire.
- City of Edinburgh.
- Perth and Kinross.
- Aberdeen City.
- Shetland.

5.3.

For Corporate Services and Finance, similar councils are grouped by their population density. For these indicators Orkney's family group includes:

- Western Isles.
- Argyll and Bute.
- Shetland.
- Highland.
- Scottish Borders.

- Dumfries and Galloway.
- Aberdeenshire.

5.4.

It should be noted that the monitoring periods for some of the indicators may differ. For example, most are for 2020/21, but some may be for 2018 to 2021 or 2017 to 2021. This is because all the indicators are calculated from national figures and are generated by different organisations for different purposes.

5.5.

Furthermore, where local authorities have presented updated values for previous years, the data has been refreshed to reflect this. This may mean historical data presented in the 2020/21 framework differs slightly from data presented in previous years.

6. COVID-19

6.1.

The data set in this report covers the first year of the COVID-19 pandemic. The Impact of the pandemic has altered the core operating and delivery landscapes for all local authorities, and the LGBF performance and expenditure data should be interpreted within this context. This is important to consider both for comparison with previous years, and comparison across local authorities.

6.2.

The continuity provided by the LGBF will be invaluable in understanding the long-term impact of the pandemic on communities and will provide vital intelligence to assist the Council in learning lessons from its response, as well as contributing to strengthening and redesigning services around future policy priorities to support recovery and renewal.

7. Methodological Issues

Satisfaction data is not available for inclusion in the March 2022 publication of the LGBF. This is because publication of the Scottish Household Survey (SHS) satisfaction data is going to be later than expected due to the changed methodology used in 2020. Methodological changes introduced some comparability issues and there will be further discussions between the LGBF Board and the SHS team about how to usefully incorporate this data into the 2020 / 21 results.

8. Future Data Release and Data Availability

8.1.

2020/21 data for the following is not currently available and will be updated in the 2021/22 LGBF framework:

- CHN8a – The gross cost of Looked After Children in residential-based services per child per week.
- CHN8b – The gross cost of Looked After Children in a community setting per child per week.
- CHN9 – % of children being looked after in the community.
- CHN11 – % of pupils entering positive destinations.
- CHN17 – % of children meeting developmental milestones.
- CHN19b – School attendance rate (Looked After Children).
- CHN20a – School exclusion rate (per 1,000 pupils).
- CHN20b – School exclusion rate (per 1,000 looked after pupils).
- CHN22 – % of child protection re-registrations within 18 months.
- CHN23 – % of LAC with more than one placement in the last year (August - July).
- CHN24 – % of children living in poverty (after housing costs).

8.2.

The following indicators are published biennially. New figures will be available for 2021/22 and will be updated in the 2021/22 LGBF framework:

- SW4b – % of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life.
- SW4c – % of adults supported at home who agree that they are supported to live as independently as possible.
- SW4d – % of adults supported at home who agree that they had a say in how their help, care or support was provided.
- SW4e – % of carers who feel supported to continue in their caring role.

8.3.

All future data releases will be updated on the Improvement Service website when they become available:

<https://www.improvementservice.org.uk/benchmarking/explore-the-data>

9. Corporate Governance

This report relates to the Council complying with governance and scrutiny 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.

10. Financial Implications

10.1.

All financial figures in the annexes to this report are presented in real terms with previous years' data adjusted for the effects of inflation.

10.2.

All 32 Scottish Councils pay an annual rate to the Improvement Service for participation in the LGBF. For this, the Improvement Service provides Councils with data services and co-ordination of family group activity. The fee for 2020/21 was £2,516.

11. Legal Aspects

Further to powers contained in section 1(1)(a) of the Local Government Act 1992 as amended, the Council is directed by the Accounts Commission to report on its performance against indicators contained within the Local Government Benchmark Framework.

12. Contact Officers

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13. Appendix

Appendix 1: Council performance against the Local Government Benchmarking Framework Indicators 2020/21 which fall under the remit of the Policy and Resources Committee.

Local Government Benchmarking Framework Indicators 2020 to 2021

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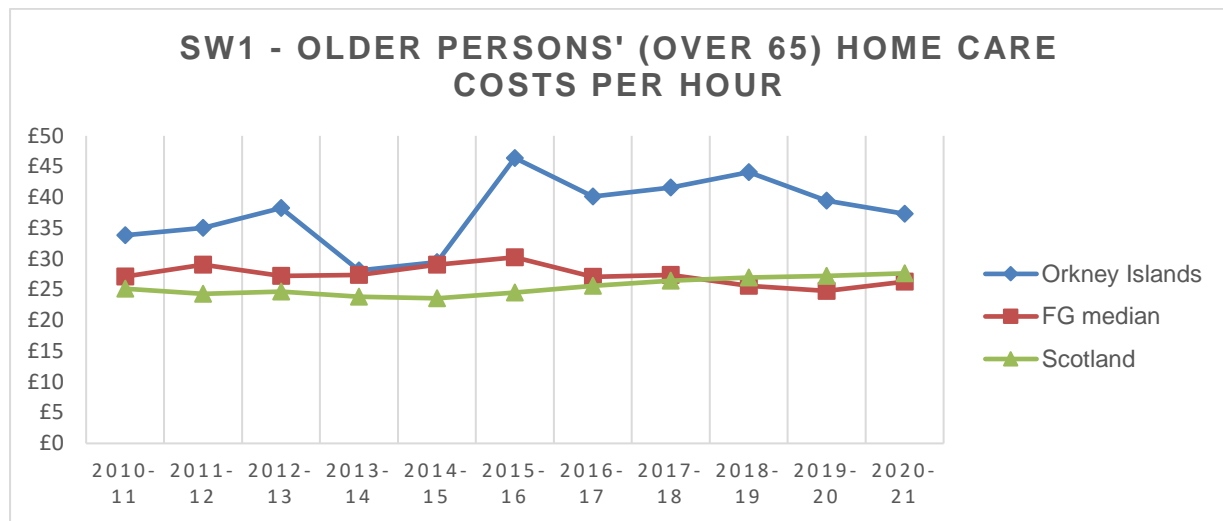
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ADULT SOCIAL CARE

SW1 – Home care costs per hour for people aged 65 or over

In 2020/21, the hourly cost of providing home care for people aged 65 or over in Orkney was £37.32, which is less than the 2019/20 figure of £39.47, but more than the 2020/21 Scottish average of £27.65.

Rank out of 32 Scottish Councils.		
2020/21	30	↔
2019/20	30	



Performance Analysis

Care at Home services are predominately provided within the Council rather than outsourced, which is different to many other Scottish Councils, and this means our costs are greater. It has not been possible for the service to contract out at scale due to the limited independent sector provision. Due to staffing shortages the service is supported using agency staff which also increases costs.

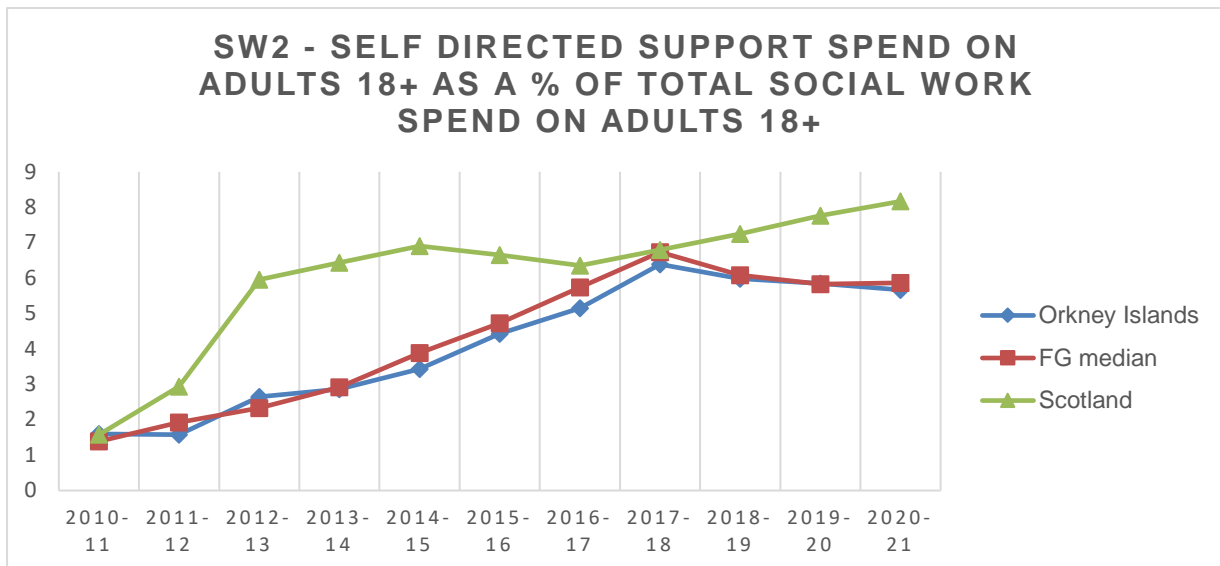
Future Action

The effects of the pandemic have impacted on the plans to review all the models of care over the period of the current Strategic Plan. It is anticipated that the Strategic Planning Group will wish to see collaborative commissioning developed within the new three-year Strategic Plan. It should however be noted that the final version of the Independent Review of Adult Care is still awaited.

SW2 – Self-directed support (direct payments + managed personalised budgets) spend on adults 18+ as a percentage of total social work spend on adults 18+

In 2020/21, 5.67% of Orkney’s total social work spend went on self-directed support for adults aged 18 years and over, which is less than the 2019/20 figure of 5.85%, and the 2020/21 Scottish average of 8.17%.

Rank out of 32 Scottish Councils		
2020/21	13	↔
2019/20	13	



Performance Analysis


The graph shows that Orkney has had a steady rise in the spend on Direct Payments and managed personalised budgets, in line with the family group median, however this has now become relatively stagnant since 2018. We have a small market of external providers from the third and independent sectors in comparison to other areas which goes some way to explain the data i.e. if there is a limited market, individuals, whether service users or professional advisors, are less likely to see the benefits of direct payments.

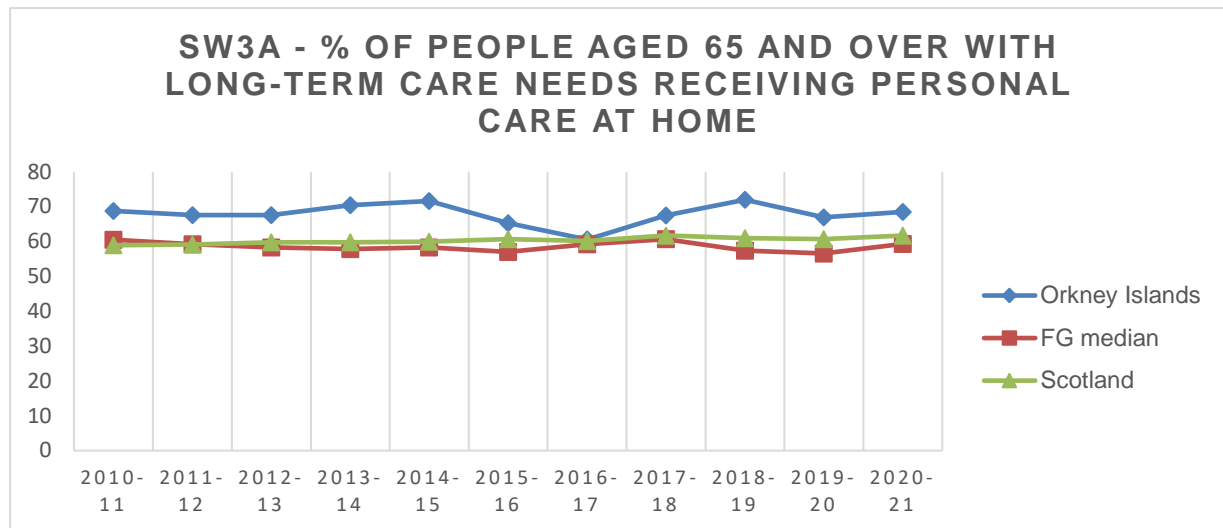
Future Action

Work has been ongoing to recruit to vacant posts within the Adult Social Work Team. As part of service induction the Service Manager has taken the opportunity to remind the team of the benefits of Self-Directed Support.

SW3a – The percentage of people aged 65 and over with long-term care needs who are receiving personal care at home

In 2020/21, 68.51% of people with long-term care needs in Orkney were receiving care at home, which is more than the 2019/20 figure of 66.95%, and the 2020/21 Scottish average of 61.71%.

Rank out of 32 Scottish Councils		
2020/21	6	
2019/20	7	



Performance Analysis


Despite many capacity issues, mainly within Care at Home, we have continued an upward trajectory. The challenge will be to continue the positive trend given the ageing workforce and relatively low unemployment rates within Orkney. A recruitment drive for Care at Home in Winter 2021, proved very successful, with many individuals going through the recruitment process.

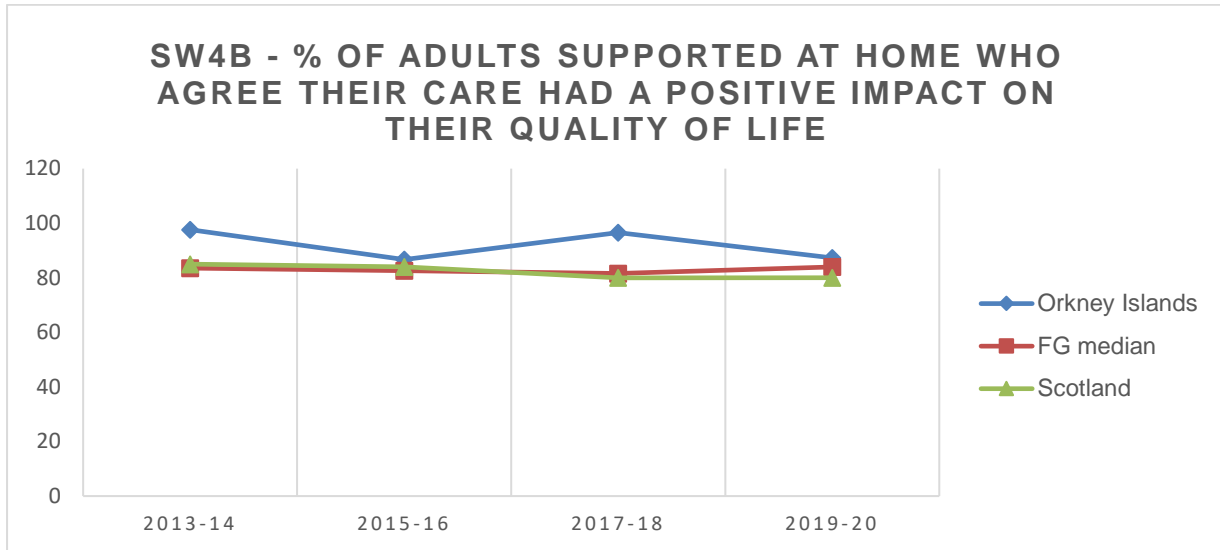
Future Action

Work will progress on collaborative commissioning. Additionally, national funding was received in winter 2021/22 and is recurring in 2022/23 which will enable service improvement and development. Detailed planning is underway and a pilot project enabling “Home First” is also currently underway and is likely to cumulate in a recommendation for permanent funding.

SW4b – The percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life

In 2019/20, 87.33% of adults in Orkney who are supported at home agreed that their care had a positive impact on improving or maintaining their quality of life, which is not as good as the 2017/18 figure of 96.57%, but better than the 2019/20 Scottish average of 80.03%.

Rank out of 32 Scottish Councils		
2019/20	2	
2017/18	1	



Performance Analysis

Despite a dip to the number two position this remains an excellent position in relation to our performance in this outcome.

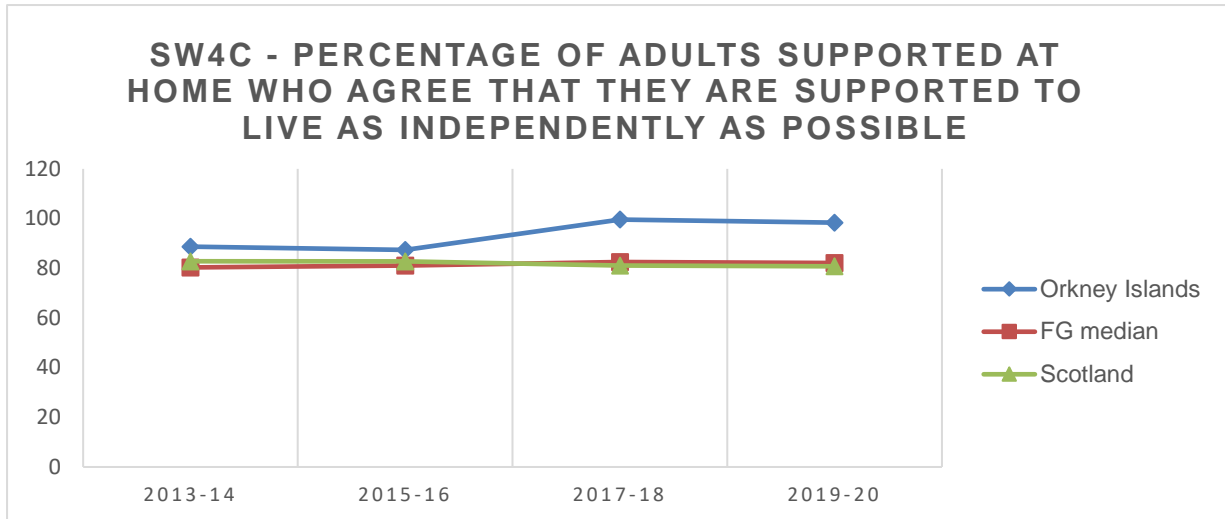
Future Action

We will strive to maintain this position and to better understand what it is that contributes to this success.

SW4c – Percentage of adults supported at home who agree that they are supported to live as independently as possible

In 2019/20, 98.32% of adults supported at home agreed that they are supported to live as independently as possible, which is not as good as the 2017/18 figure of 99.59%, but better than the 2019/20 Scottish average of 80.78%.

Rank out of 32 Scottish Councils		
2019/20	1	↔
2017/18	1	



Performance Analysis


Again, a great position in relation to our performance, outranking both national and peer group performance.

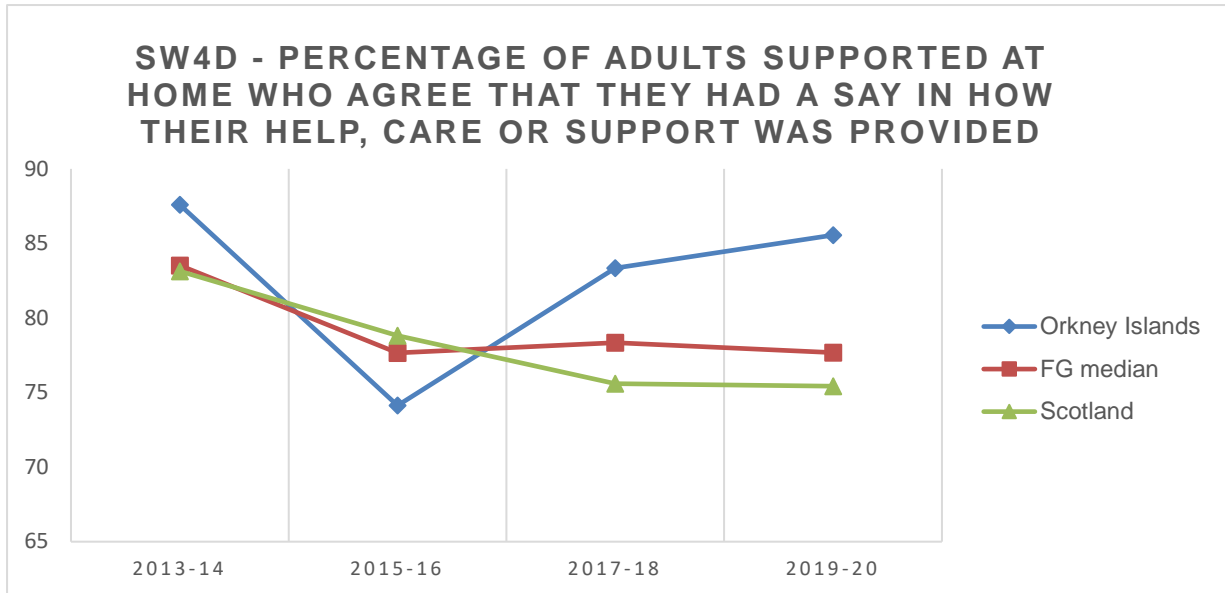
Future Action

To continue to support people to be as independent as possible we are looking at different ways of working. We will particularly need to watch performance as we adopt new models, including assistive technology.

SW4d – Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided

In 2019/20, 85.56% of people supported at home agreed that they had a say in how their help, care or support was provided, which is better than the 2017/18 figure of 83.34%, and the 2019/20 Scottish average of 75.43%.

Rank out of 32 Scottish Councils		
2019/20	2	
2017/18	3	



Performance Analysis


Having climbed to a ranking of second we continue to perform better than the Scottish average and our family group.

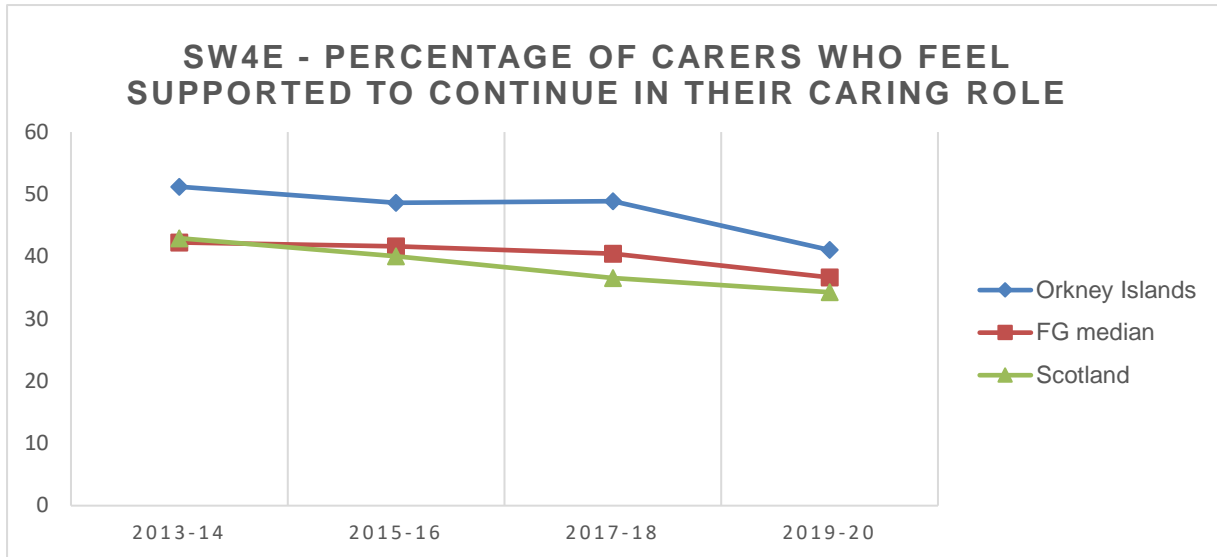
Future Action

We will strive to continue to perform well. It is anticipated the embedding of Community-Led Support and the 'good conversations' training undertaken will help increase performance in this area.

SW4e – Percentage of carers who feel supported to continue in their caring role

In 2019/20, 41.06% of carers said they felt supported to continue in their caring role, which is not as good as the 2017/18 figure of 48.89%, but better than the 2019/20 Scottish average of 34.28%.

Rank out of 32 Scottish Councils		
2019/20	2	
2017/18	1	



Performance Analysis

In overall terms this is a good performance albeit that we have slipped from first to second ranking. In common with our family group and Scotland as a whole our percentage of carers advising they feel well supported to continue in their caring role has slipped further to only 41% of respondents. This performance does not include young carers as the survey to establish performance in this area does not include children and young people. This was also evident within the National Care Service Consultation.

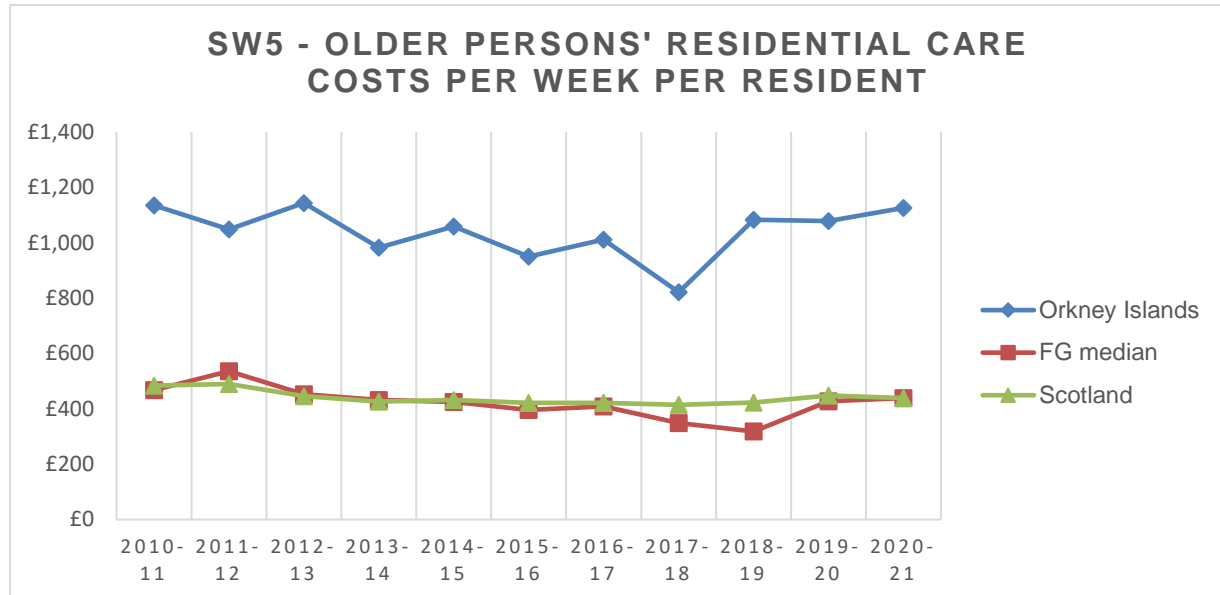
Future Action

The Carers' Strategy Group meets regularly. One of the areas the group has looked at is how to promote awareness and a local campaign. Work is ongoing within the group to look at capturing data more effectively – one example of that is that we can now measure the number of carers' respite packages of care made available at no charge to the family.

SW5 – Residential cost per week per resident for people aged 65 or over

In 2020/21, the residential cost per week per resident for people in Orkney aged 65 or over was £1,126, which is more than the 2019 / 20 figure of £1,078, and significantly more than the 2020/21 Scottish average of £439.

Rank out of 32 Scottish Councils		
2020/21	31	↔
2019/20	31	



Performance Analysis

There are several reasons for the higher cost. Our residential care homes meet the needs of individuals with very high dependency as we have no nursing homes on the islands. Rarely are people placed on mainland Scotland. All our care homes are provided by the Council which have higher running costs often due to better staff terms and conditions than those offered by private care home providers on mainland Scotland. Additionally, we are now in the position of having to rely to some extent on agency staff which is more expensive both in salary but also in the need to provide accommodation. This is due to difficulty to recruit and higher levels of sickness for multifactorial reasons, and this includes an ageing workforce.

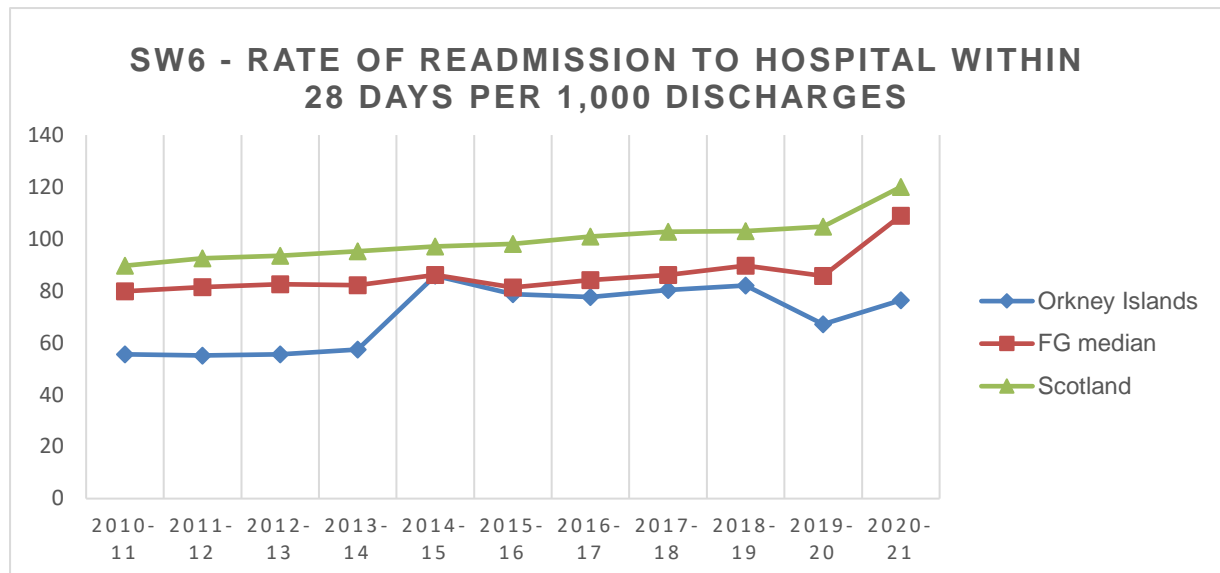
Future Action

We will continue to closely monitor our costs, especially staff costs. We will ensure our reliance on agency staff is minimised by robust sickness management and innovative attempts to recruit locally and 'grow our own'.

SW6 – Rate of readmission to hospital within 28 days per 1,000 discharges

In 2020/21, there was a readmission rate to hospital within 28 days of 76.37 per 1,000 discharges, which is not as good as the 2019/20 figure of 67.17, but better than the 2020/21 Scottish average of 120.03.

Rank out of 32 Scottish Councils		
2020/21	1	↔
2019/20	1	



Performance Analysis


Performance has been maintained and, despite a challenging year, we remain ranked first for 2020/21. In February 2021 the Home First pilot commenced which enabled a small team consisting broadly of Social Work, Occupational Therapy and Care at Home to provide a short-term care package to people ready to return home from hospital. It is recognised getting people home at the earliest opportunity is key and that once home people's care needs often reduce quickly and considerably.

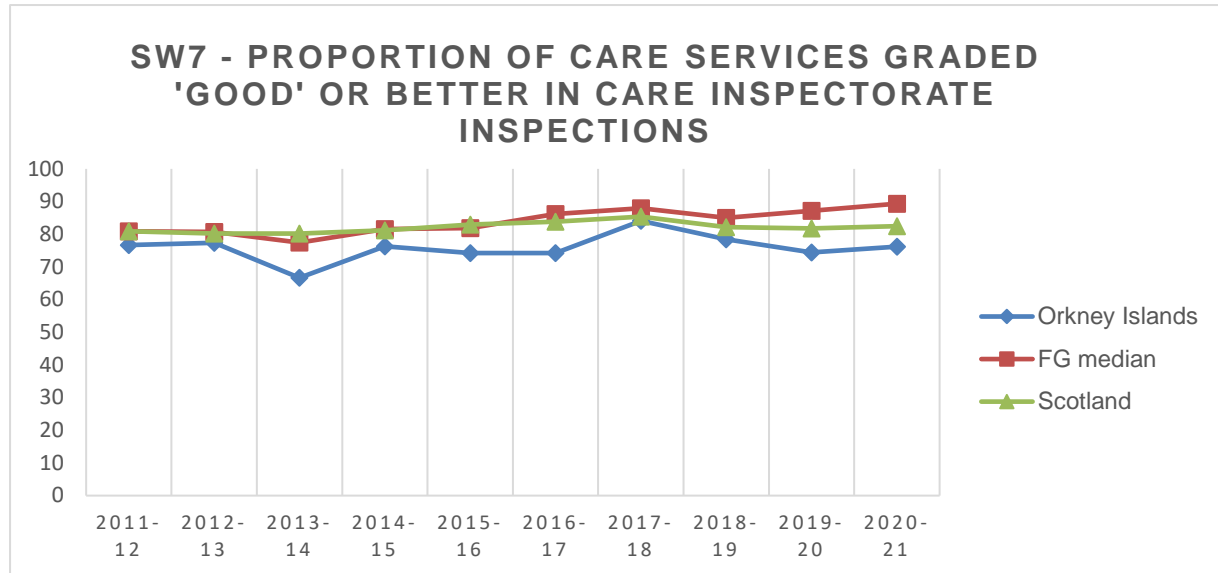
Future Action

A report will be presented to the Integration Joint Board in 2022 setting out recommendations for the future of this approach.

SW7 – Proportion of care services graded ‘good’ or better in Care Inspectorate inspections

In 2020/21, 76.20% of care services were graded good or better in Care Inspectorate reports, which is better than the 2019/20 figure of 74.42%, but not as good as the 2020/21 Scottish average of 82.50%.

Rank out of 32 Scottish Councils		
2020/21	31	
2019/20	32	



Performance Analysis


Following the successful inspection of Hamnavoe House a small recovery has been made in this measure over 2020/21. No other inspections have been carried out over this period due to the COVID-19 pandemic, therefore greater improvement in this measure could not be achieved.

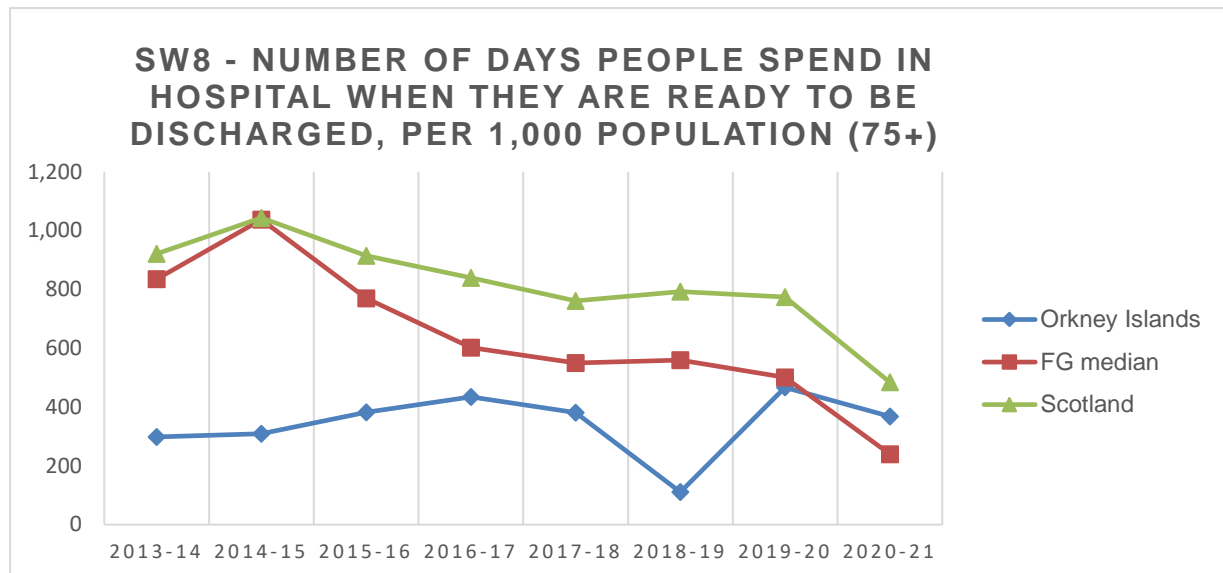
Future Action

Plans have been discussed with the identified areas for improvement to be discussed with Senior Management and the Managers within these locations.

SW8 – Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)

In 2020/21, the number of days people spent in hospital when they were ready to be discharged, per 1,000 population (75+), was 368.00, which is better than the 2019/20 figure of 466.69, and the 2020/21 Scottish average of 484.28.

Rank out of 32 Scottish Councils		
2020/21	15	
2019/20	10	



Performance Analysis

Despite collaborative working and a focus on reducing delays our performance has slipped back to the ranking of 15th. We are aware that applications for guardianships are increasing significantly, and this often brings with it a lengthier stay in hospital. Also, there have been capacity issues within the in-house Care at Home and third sector organisations who provide Care at Home services, resulting in longer waits for all people requiring a service including those in hospital.


Future Action

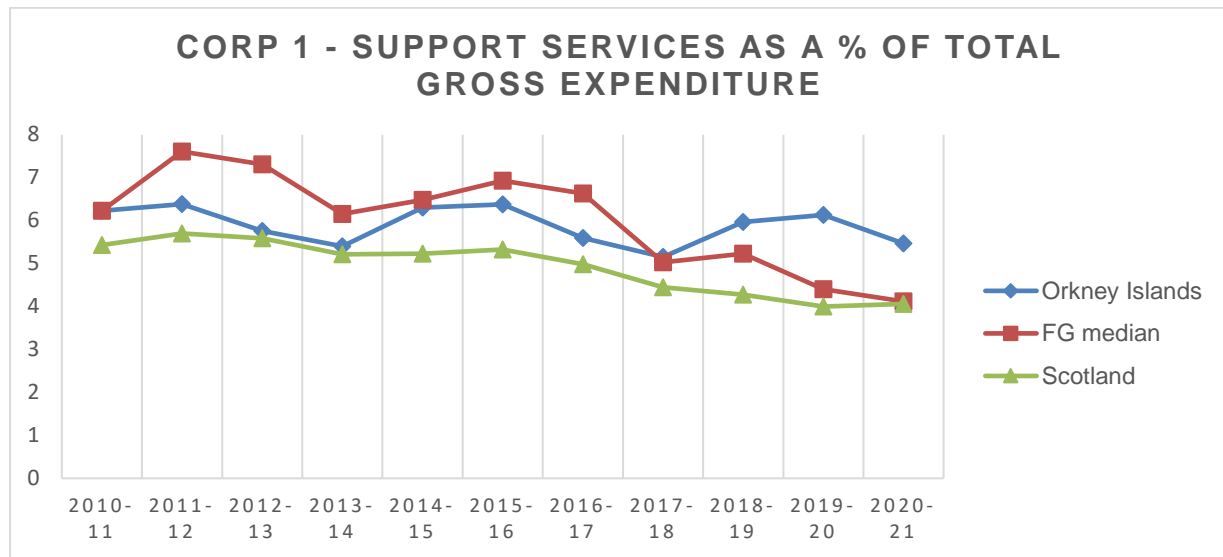
Community capacity in overall terms has been highlighted in the draft Joint Strategic Needs Assessment and represents a priority for the next iteration of the Strategic Plan. Additional national funding has been made available with planning underway to improve community infrastructure.

CORPORATE SERVICES

CORP1 – Support services as a percentage of total gross expenditure

In 2020/21, 5.47% of the Council’s total gross expenditure was spent on support services, which is less than the 2019/20 figure of 6.13%, but more than the 2020/21 Scottish average of 4.06%.

Rank out of 32 Scottish Councils		
2020/21	28	
2019/20	31	



Performance Analysis

Support services costs have decreased very slightly due to the differing levels of central services apportioned to services on a year-by-year basis. Some of this is due to capital slippage as this results in a higher level of central service apportioned costs being shown as revenue rather than capital costs.

The Council suffers in the comparison on this measure by being significantly underfunded relative to the other island authorities. A higher gross expenditure for the Council at a similar level to other island authorities on a per capita basis would see the rank position improved.

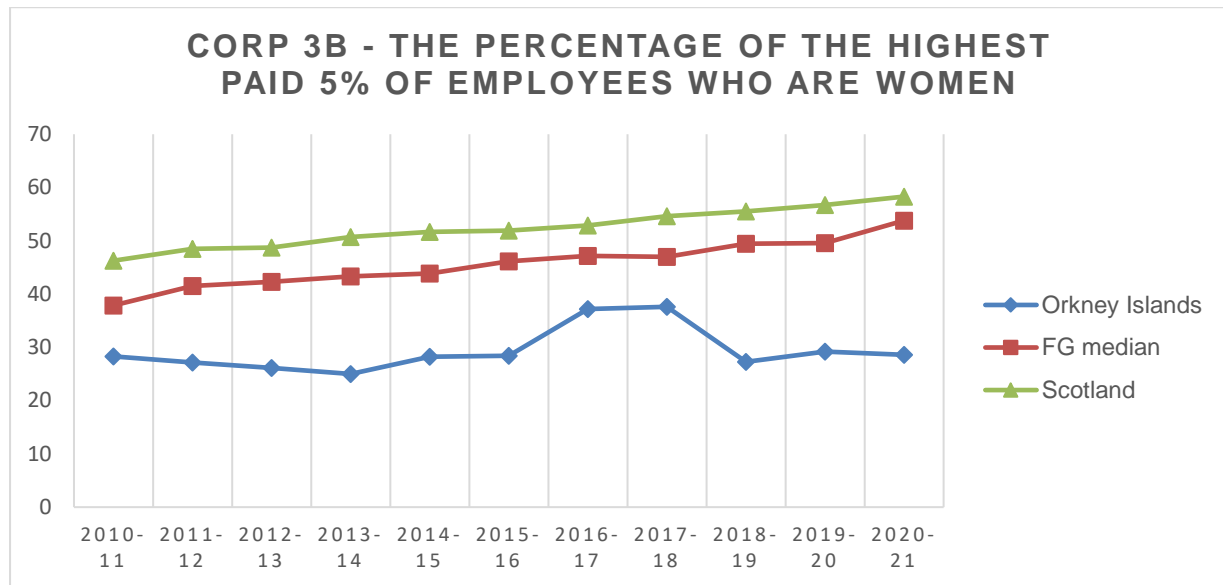
Future Action

The Council will continue to seek a fairer financial settlement and equivalent level of financial support to the other island authorities.

CORP3b – Percentage of the highest paid 5% employees who are women

In 2020/21, 28.57% of the highest paid 5% Council employees were women, which is less than the 2019/20 figure of 29.21%, and the 2020/21 Scottish average of 58.30%.

Rank out of 32 Scottish Councils		
2020/21	32	↔
2019/20	32	



Performance Analysis


The number of female employees in the highest paid 5% has remained broadly similar with the small variation attributable to changing personnel through turnover. This remains an indicator we wish to improve, noting that this will be a medium to long-term goal.

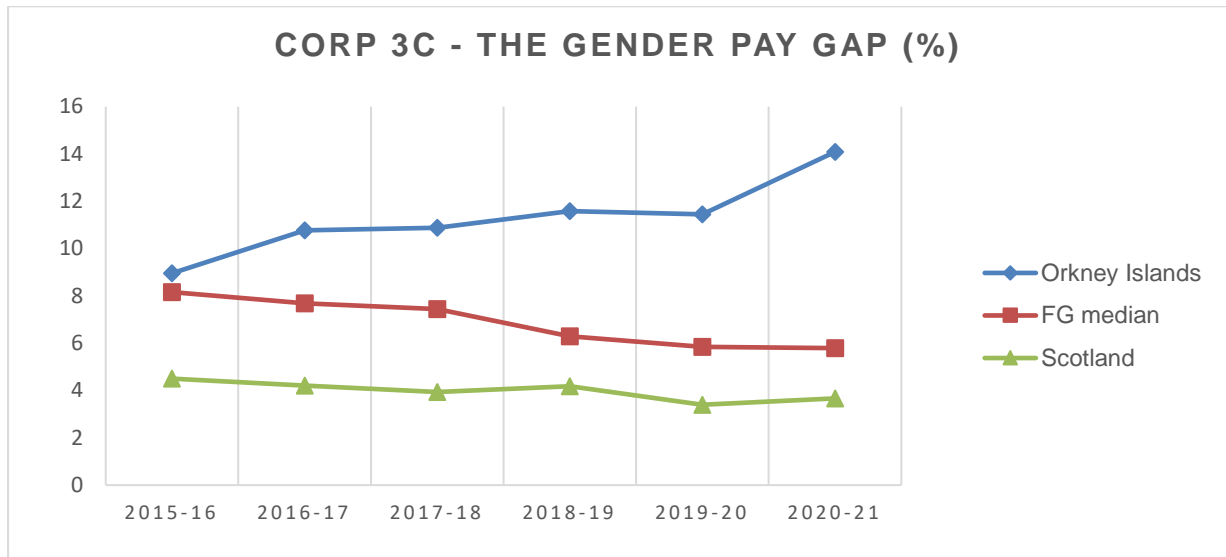
Future Action

The Council agreed an action plan in 2021 around the gender pay gap and occupational segregation, however it will take time for those actions and outcomes to be fully realised. Furthermore, the work on the pay and grading model which is underway will be subject to equality impact assessment. In addition, we have committed to monitoring the impact of the Council restructuring on this indicator in due course once posts are filled.

CORP3c – The gender pay gap

In 2020/21, the Council's gender pay gap was 14.08%, which is more than the 2019/20 figure of 11.45%, and the 2020/21 Scottish average of 3.66%.

Rank out of 32 Scottish Councils		
2020/21	32	
2019/20	31	



Performance Analysis

We believe the increase in the gender pay gap can be attributed to the fact we have relatively long pay grades compared to some other councils and via turnover we have seen more movement within 2020/21 which has led to an increased pay gap with new employees usually starting on the bottom point of their allocated grade.

It remains the case that all our posts are subject to job evaluation and that all postholders regardless of gender are paid on the same scale for the same job, or jobs of equal value. However, we do have some services which are male dominated which the vast majority of other councils do not provide, and therefore makes direct comparison somewhat difficult. This is a contributory factor to the gender pay gap.

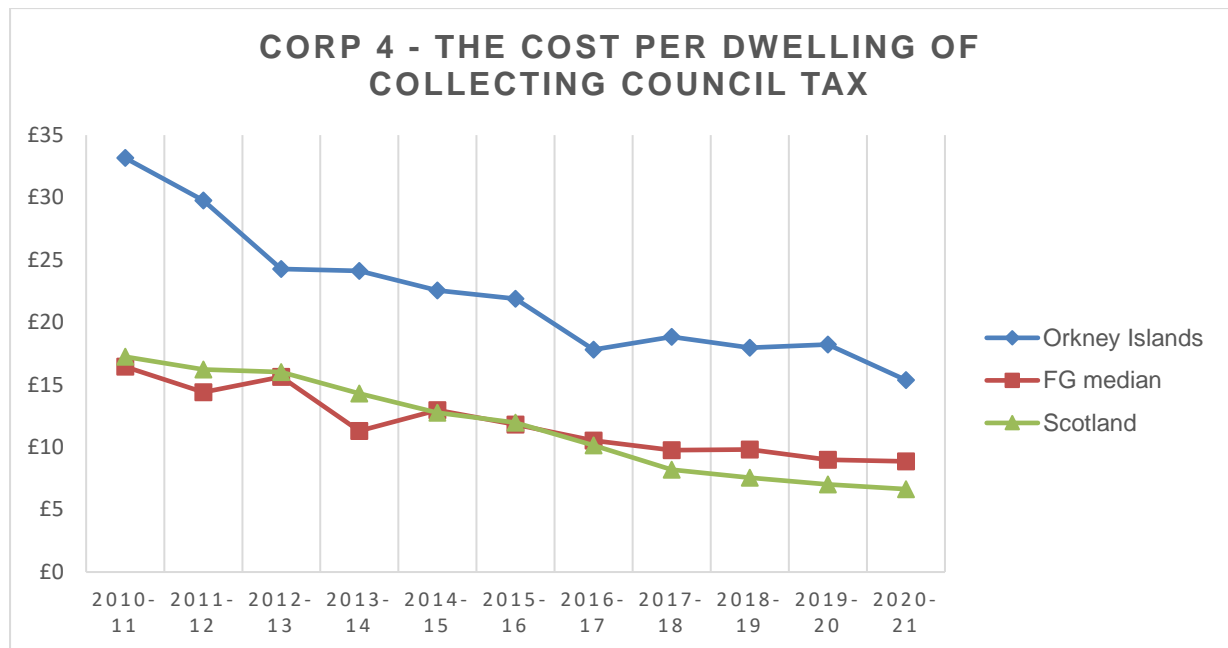
Future Action

The previous LGBF indicator (3b) is closely linked to this and so, as per previous comment, the Council agreed an action plan in 2021 around the gender pay gap and occupational segregation, however it will take time for those actions and outcomes to be fully realised. In addition, we have committed to monitoring the impact of the Council restructuring on this indicator in due course once posts are filled.

CORP4 – The cost per dwelling of collecting council tax

In 2020/21, the cost per dwelling of collecting Council Tax in Orkney was £15.38, which is less than the 2019/20 figure of £18.22, but more than the 2020/21 Scottish average of £6.64.

Rank out of 32 Scottish Councils		
2020/21	31	↔
2019/20	31	



Performance Analysis


Orkney, along with the other island councils, has a higher cost per property of collecting local taxes than the larger councils, which is a reflection that a certain minimum level of staffing and resources are required to collect Council Tax regardless of the number of dwellings. Costs have reduced every year since 2011 because of the level of staff resources remaining static as the tax base increases. Although the net cost per property is higher than other councils, the gross cost per property is consistently close to the Scottish average. The calculation of this indicator is complicated as most councils operate a single team which collects both the Council Tax and the Non-Domestic Rate, and there is considerable uncertainty in calculating the cost split for the collection of each tax taking into account the spend on staff time, IT equipment, administration costs etc. Although the Council Tax cost of collection, which is the 'headline' indicator for local taxes, is one of the highest, Orkney's cost of collecting the Non-Domestic Rate is consistently one of the lowest in Scotland.

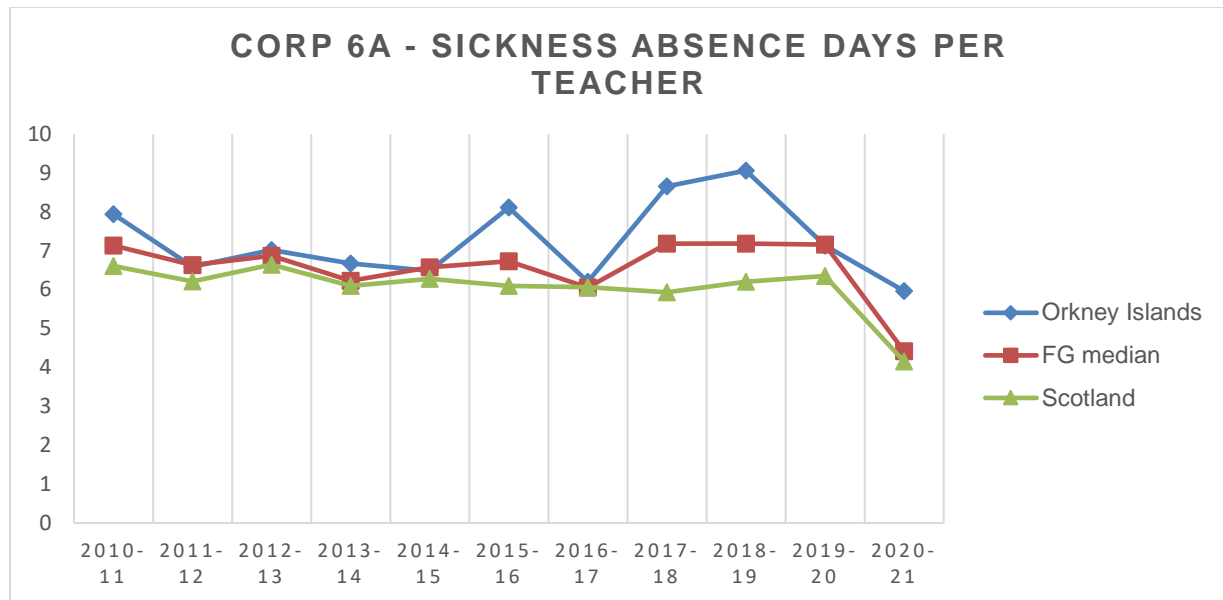
Future Action

Officers remain committed to providing value for money in the delivery of the service whilst recognising the importance of not compromising our rate of collection.

CORP6a – Sickness absence days per teacher

In 2020/21, an average of 5.97 days per teacher were lost due to sickness absence in Orkney, which is less than the 2019/20 figure of 7.14 days, but more than the 2020/21 Scottish average of 4.16 days.

Rank out of 32 Scottish Councils		
2020/21	31	
2019/20	22	



Performance Analysis


There was a significant decrease in the level of teacher absence from 2019/20 to 2020/21, however in comparison to other Councils our decrease in absence was not as great as others, hence our relative position fell. This was during the first year of the Covid pandemic which clearly was an exceptional circumstance, and therefore we may see significant variations that are not likely to be repeated in future years.

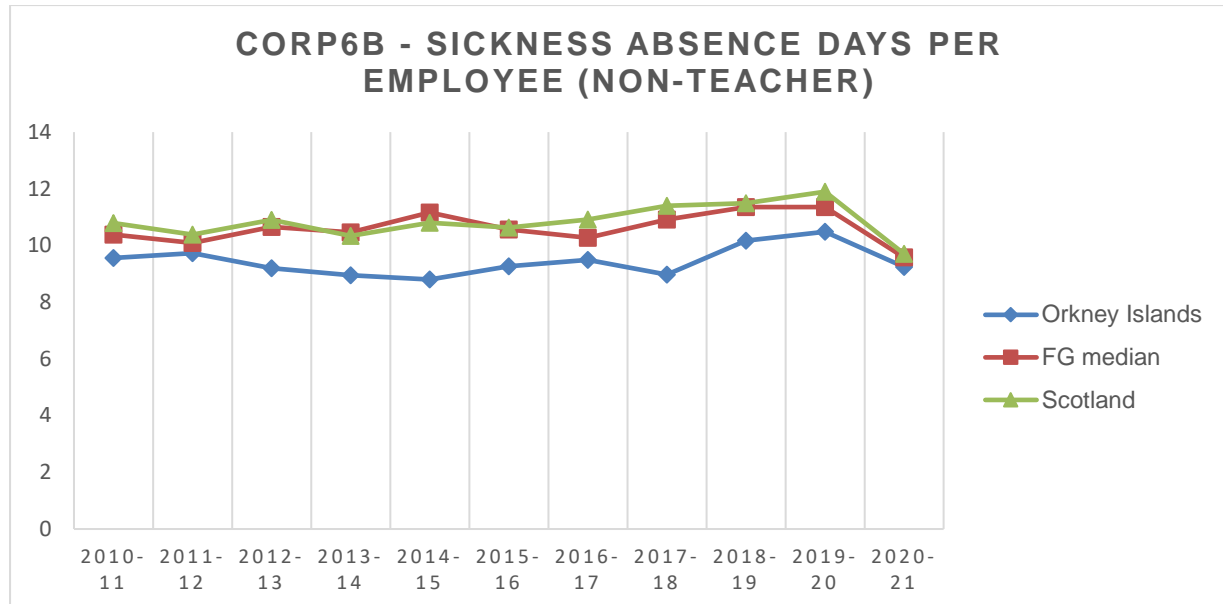
Future Action

Managing the health and wellbeing of staff and reducing absence remains a priority for the Council across all staff groups. During the past 2 years we have introduced a number of additional supports around health and wellbeing, in particular around mental ill health and further improvements are planned as part of the Our People, Our Plan work.

CORP6b – Sickness absence days per employee (non-teacher)

In 2020/21, an average of 9.24 days per Council employee were lost due to sickness absence, which is less than the 2019/20 figure of 10.48 days, and the 2020/21 Scottish average of 9.71 days.

Rank out of 32 Scottish Councils		
2020/21	14	
2019/20	8	



Performance Analysis


There was a decrease in the level of staff absence from 2019/20 to 2020/21, however in comparison to other Councils our decrease in absence was not as great as others, hence our relative position fell. This was during the first year of the Covid pandemic which clearly was an exceptional circumstance, and therefore we may see significant variations that are not likely to be repeated in future years. Historically our performance on this indicator is good and consistently in the top quartile across Scotland.

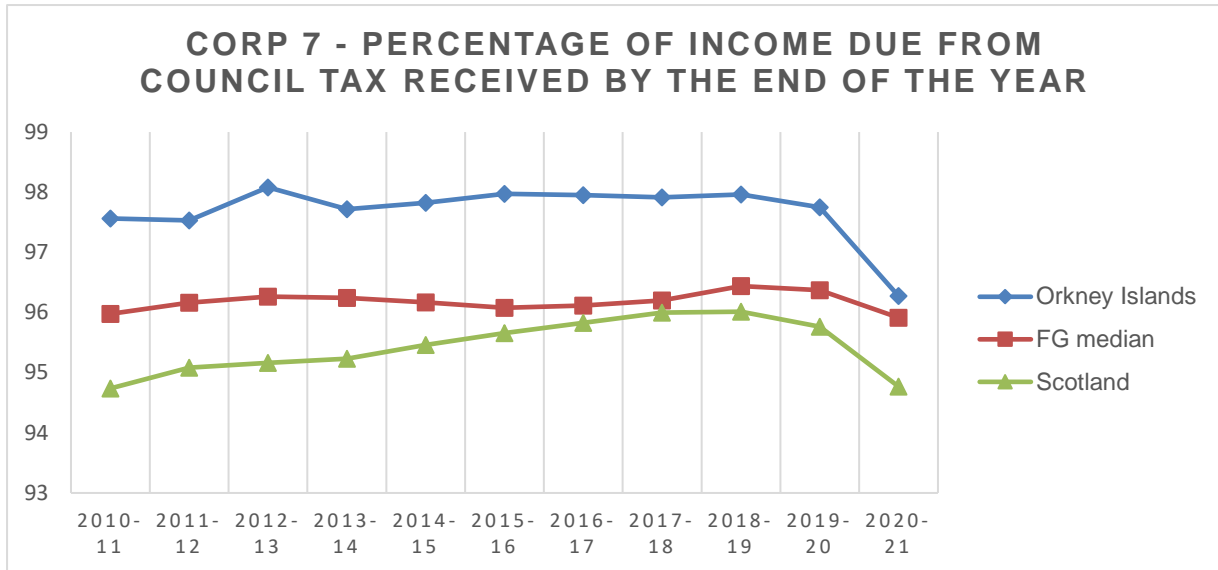
Future Action

Managing the health and wellbeing of staff and reducing absence remains a priority for the Council across all staff groups. During the past 2 years we have introduced a number of additional supports around health and wellbeing, in particular around mental ill health, and further improvements are planned as part of the Our People, Our Plan work. We will ensure that absence management processes are re-focussed on by managers

CORP7 – Percentage of income due from Council Tax received by the end of the year

In 2020/21, 96.27% of income due from Council Tax in Orkney was successfully collected, which is less than the 2019/20 figure of 97.75%, but higher than the 2020/21 Scottish average of 94.77%.

Rank out of 32 Scottish Councils		
2020/21	7	
2019/20	2	



Performance Analysis


In 2020/21 collections fell by 2% compared to 2019/20 which was in line with the national position. The fall in the collection rate nationally can be attributed to the effects of the COVID-19 pandemic, however in Orkney we suffered from ongoing vacancies in our Revenues team which made it more difficult to recover arrears of the tax, and our Sheriff Officer partners no longer have a local office in Kirkwall which has meant that less enforcement work is carried out. Although our collection rate reduced from previous years we still retained one of the highest collection rates in Scotland.

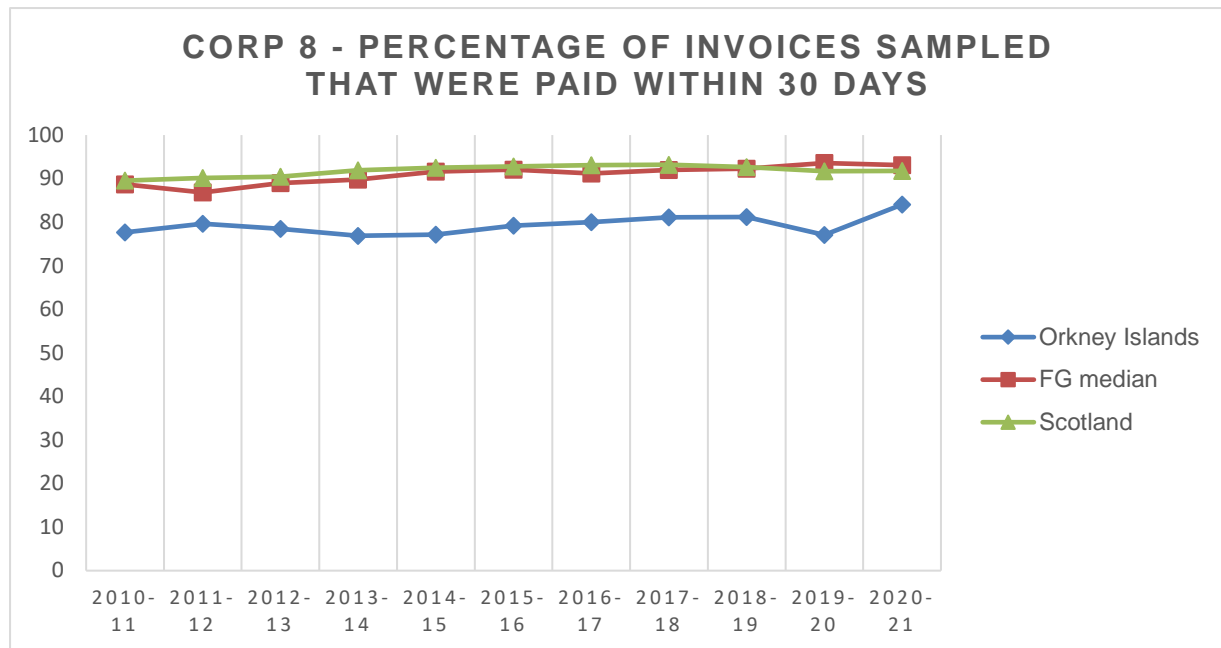
Future Action

We have recruited to vacant posts in the service to carry out the billing and collection of the tax, and we are now recruiting an additional officer to carry out some enforcement work in-house.

CORP8 – Percentage of invoices sampled that were paid within 30 days

In 2020/21, 84.04% of invoices to the Council were paid within 30 days, which is an improvement on the 2019/20 figure of 77.04%, but below the 2020/21 Scottish average of 91.76%.

Rank out of 32 Scottish Councils		
2020/21	26	
2019/20	30	



Performance Analysis

The Council's performance in paying invoices within 30 days was below the Scottish average. The Council now has the electronic Purchase to Pay System in place which has enabled an improvement in payment times. There are still time lags however in invoices reaching the Payment Team for processing. This is often due to a delay in the supplier sending the invoices to the Council. Delays may also be incurred as invoices are not authorised promptly for payment or because the invoice is under query with the supplier.

Future Action

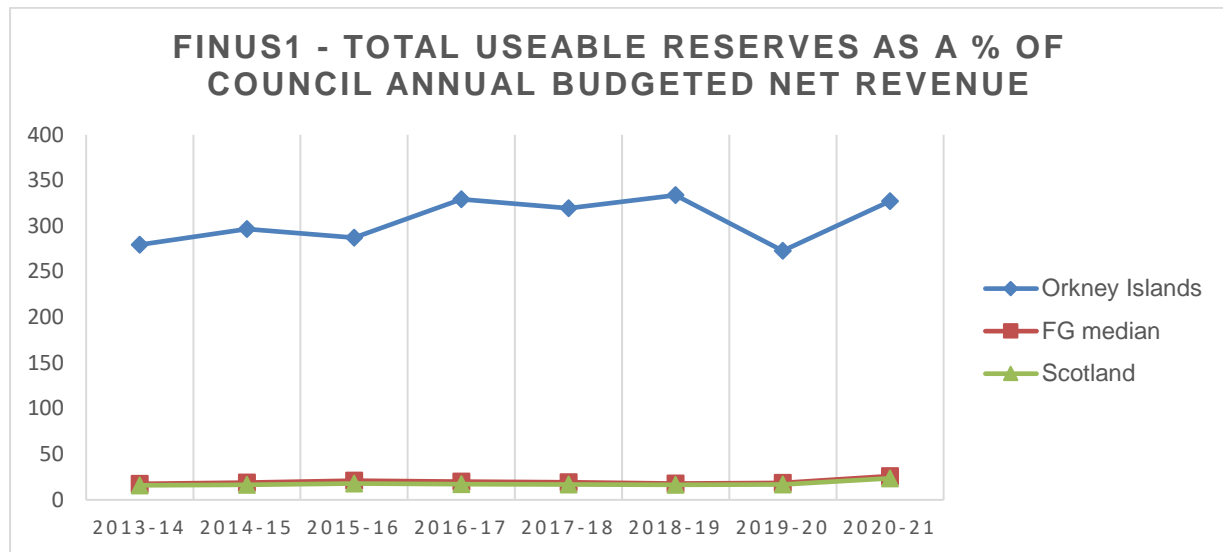
Suppliers are asked to submit invoices electronically to a central address in order for invoices to be registered and processed for payment as quickly as possible. A reminder is being issued to all staff to use purchase orders when buying goods or services as this enables the most efficient processing of invoices. Work is also underway to increase monitoring of invoices which have not been authorised for payment.

FINANCIAL SUSTAINABILITY

FINSUS1 – Total useable reserves as a percentage of Council annual budgeted revenue

In 2020/21, the amount of total usable reserves as a percentage of annual budgeted revenue was 327.20%, which is more than the 2019/20 figure of 272.90%, and significantly more than the 2020/21 Scottish average of 23.60%.

Rank out of 32 Scottish Councils		
2020/21.	2	↔
2019/20.	2	



Performance Analysis

The Orkney position of holding a Strategic Reserve Fund makes the Council appear to be an outlier to the Scottish average. The sharp increase in total usable reserves between 2019./20 and 2020 / 21 was due to the large bounce back in the market value of the managed fund investments held through the Strategic Reserve Fund, as World Markets recovered from the sharp decline in asset values experienced at the end of March 2021, when markets reacted badly to the onset of the COVID-19 pandemic. A low level of unallocated reserves may be a sign that a council could struggle if any unknown financial surprises were to occur.

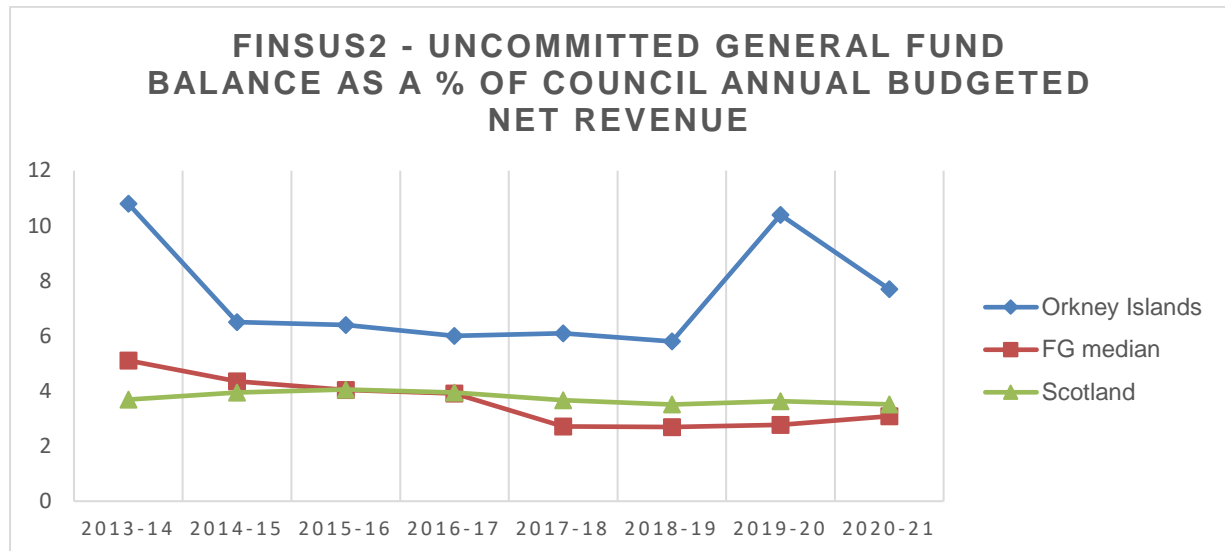
Future Action

The Council strategy is to continue to maintain a floor position for the Strategic Reserve Fund so that the Fund can continue to support the delivery of Council services in a sustainable manner.

FINSUS2 – Uncommitted General Fund Balance as a percentage of Council annual budgeted net revenue

In 2020/21, the amount of uncommitted General Fund Balance as a percentage of Council annual budgeted net revenue was 7.70%, which is less than the 2019/20 figure of 10.40%, but more than the 2020/21 Scottish average of 3.52%.

Rank out of 32 Scottish Councils		
2020/21.	2	↔
2019/20.	2	



Performance Analysis

The Council saw a sharp increase in the uncommitted General Fund balance held at 31 March 2020 as a conscious decision at year end to delay any accelerated debt repayment and provide a higher level of General Fund balance to give the Council maximum flexibility for dealing with the impact of the COVID-19 pandemic. This balance held in the uncommitted General Fund was then reduced by £2.1M at 31 March 2021, when a decision to set aside money in the Repairs and Renewals Fund for road repairs was approved by Elected Members.

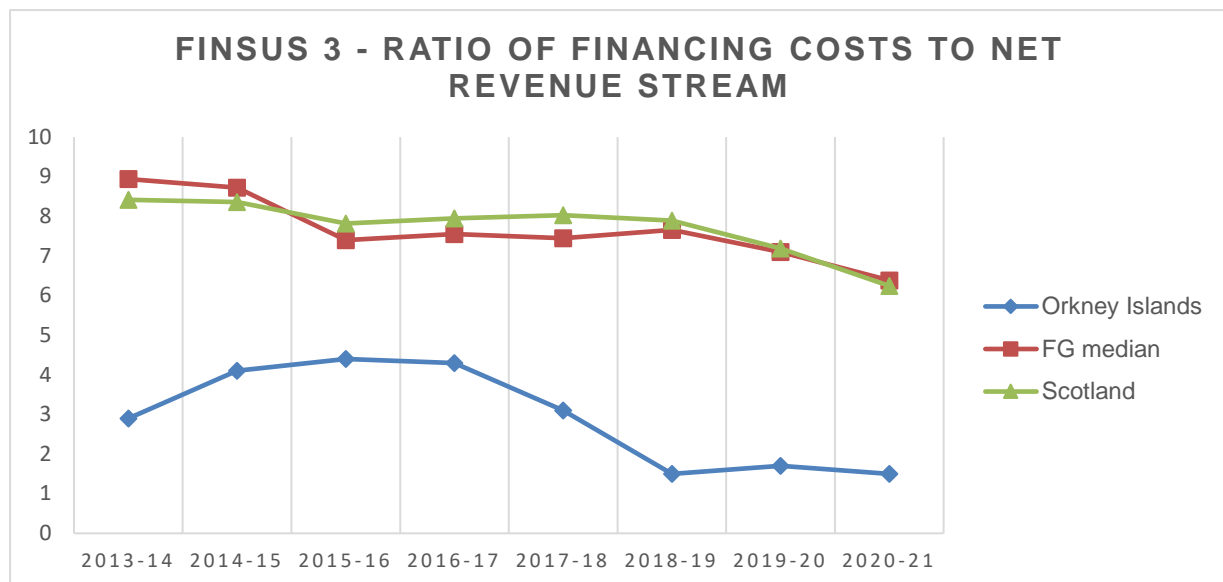
Future Action

Should the higher General Fund balance not be required, in full, to meet additional pressures in 2021/22 any remaining balance will be applied to accelerated debt repayments, when it is deemed financially prudent to do so. The level of uncommitted General Fund Balance as a percentage of Council annual budgeted net revenue can be expected to reduce again at 31 March 2022.

FINSUS3 – Ratio of financing costs to Net Revenue Stream – General Fund

In 2020/21, the ratio of financing costs to Net Revenue Stream for the General Fund was 1.50, which is less than the 2019/20 figure of 1.70, but more than the 2020/21 Scottish average of 6.24.

Rank out of 32 Scottish Councils		
2020/21	1	↔
2019/20	1	



Performance Analysis


This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet the financing costs of the capital programme, net of investment income. Council policy has been to try and make accelerated debt repayments, thereby minimising the percentage of the budget that is expended in interest on capital debt.

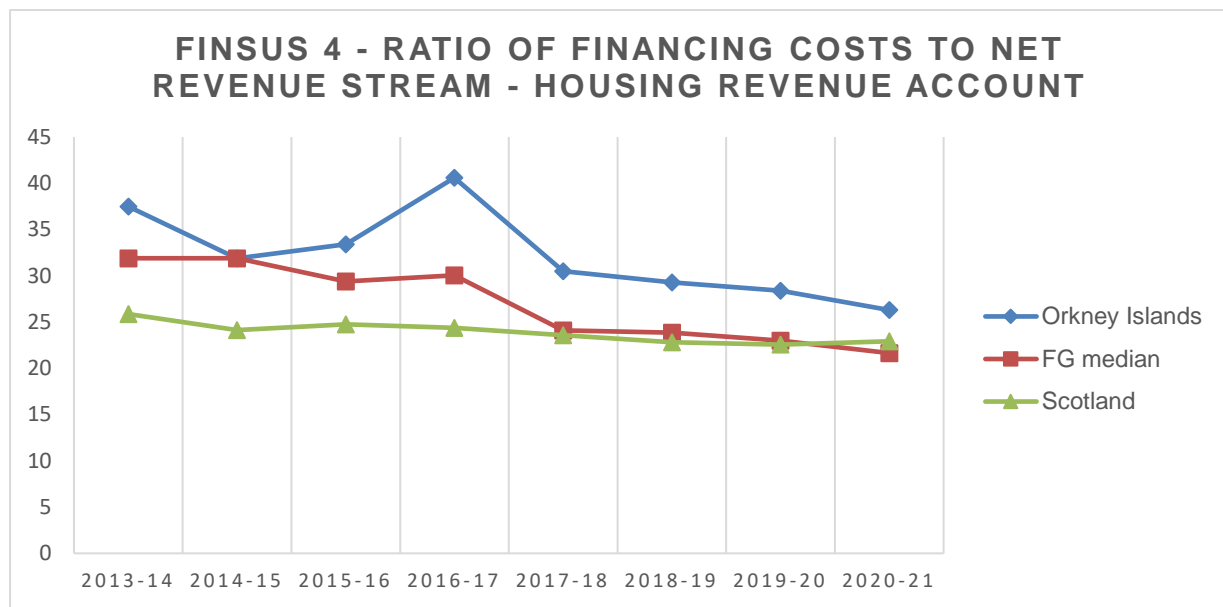
Future Action

With severe pressure on revenue budgets it is essential that we maintain a low level of financing costs to Net Revenue Stream, thereby allowing more scarce resource to be budgeted for revenue spending.

FINSUS4 – Ratio of financing costs to Net Revenue Stream – Housing Revenue Account

In 2020/21, the ratio of financing costs to Net Revenue Stream for the Housing Revenue Account was 26.30, which is less than the 2019/20 figure of 28.40, but more than the 2020/21 Scottish average of 22.91.

Rank out of 32 Scottish Councils		
2020/21	18	
2019/20	19	



Performance Analysis


The previous relatively high ratio of financing costs to Net Revenue Stream for the Housing Revenue Account (HRA) is reflective of previous Council decisions to increase the level of HRA debt as the Council embarked on a house building programme aimed at meeting some of the demand for housing in Orkney. This ratio is reducing as the current approved programme of works nears completion, however a new business plan is being developed and the HRA will incur further borrowings going forward.

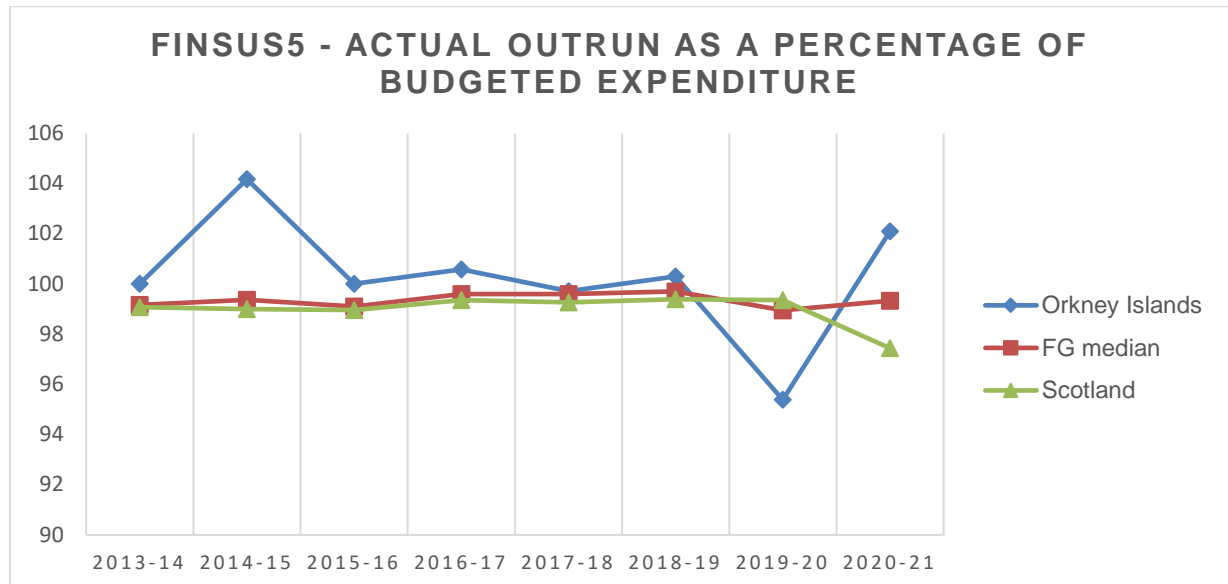
Future Action

The affordability position of the HRA has been reviewed and confirms that it will be possible to continue a limited programme of building Council houses. There continues to be a shortage of accommodation in Orkney with a waiting list for permanent housing and too many people living in emergency accommodation.

FINSUS5 – Actual outturn as a percentage of budgeted expenditure

In 2020/21, the actual outturn as a proportion of budgeted expenditure was 102.09%, which is more than the 2019/20 figure of 95.38%, and the 2020/21 Scottish average of 97.44%.

Rank out of 32 Scottish Councils		
2020/21	1	
2019/20	30	



Performance Analysis

The outturn position for 2020/21 reflects the Council decision to commit £2.1 million from non-earmarked reserves to roads service expenditure.

Future Action

How closely expenditure compares to budget is a reflection of the effectiveness of financial management. It is always the aim to be in-line or within budget, however, this can sometimes be affected by external factors.