

## **Item: 4**

**Orkney Health and Care Committee: 10 September 2020.**

**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 2020 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 service areas for which the Orkney Health and Care Committee is responsible, for the period 1 April to 30 June 2020, attached as Annex 1 to this report, indicating a budget overspend position of £384,000.

#### **2.2.**

The revenue financial detail by service area statement, in respect of service areas for which the Orkney Health and Care Committee is responsible, for the period 1 April to 30 June 2020, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

#### **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, in order to obtain assurance that action is being taken with regard to significant budget variances.

### **3. Background**

#### **3.1.**

On 3 March 2020, the Council set its overall revenue budget for financial year 2020 to 2021. On 11 June 2020, the Council 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 every month to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

### **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:

- 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).

### **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.

### **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 June 2020 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.

### **6.3.**

The exceptional impact of the COVID-19 pandemic will see additional expenditure and reduced income across all services which will be monitored during financial year 2020 to 2021 with a possible contribution from General Fund non earmarked balances at the financial year-end.

## **7. Legal Aspects**

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

## **8. Contact Officer**

Gillian Morrison, Interim Chief Officer/Executive Director, Orkney Health and Care, extension 2611, Email [Gillian.morrison@orkney.gov.uk](mailto:Gillian.morrison@orkney.gov.uk)

Gareth Waterson, Head of Finance, extension 2103, Email [gareth.waterson@orkney.gov.uk](mailto: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.

<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Social Care	6,026.5	5,642.5	384.0	106.8	20,342.5
<b>Service Totals</b>	<b>6,026.5</b>	<b>5,642.5</b>	<b>384.0</b>	<b>106.8</b>	<b>20,342.5</b>

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

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P02</b>	<b>P03</b>		
Social Care	9	5	12	42%
<b>Totals</b>	<b>9</b>	<b>5</b>	<b>12</b>	<b>42%</b>

## Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

<b>Social Care</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Administration - SW	<b>1B</b>	719.8	405.9	313.9	177.3	2,105.0
Childcare		795.4	773.2	22.2	102.9	3,530.6
Elderly - Residential	<b>1C</b>	1,535.7	1,404.0	131.7	109.4	4,913.9
Elderly - Independent Sector	<b>1B</b>	32.3	92.6	(60.3)	34.9	341.5
Elderly - Day Centres		140.7	134.2	6.5	104.9	161.4
Disability		1,304.2	1,310.5	(6.3)	99.5	3,946.7
Mental Health	<b>1B</b>	41.1	54.0	(12.9)	76.1	290.3
Other Community Care		235.7	258.4	(22.7)	91.2	988.2
Occupational Therapy		87.5	87.3	0.2	100.1	402.2
Home Care		1,090.4	1,054.9	35.5	103.4	3,495.5
Criminal Justice		17.8	21.8	(4.0)	81.3	50.0
Integrated Joint Board	<b>1B</b>	25.9	45.7	(19.8)	56.7	117.2
<b>Service Total</b>		<b>6,026.5</b>	<b>5,642.5</b>	<b>384.0</b>	<b>106.8</b>	<b>20,342.5</b>

## Annex 3: Budget Action Plan

### Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19A	<p><b>Administration - SW</b></p> <p>More than anticipated expenditure by £313.9K</p> <p>The principal variance is in respect of Covid-19 costs.</p>	<p><b>Monitor the situation</b></p> <p>At present no budget has been made available for Covid-19 costs.</p>	Lynda Bradford	31/12/2020	Ongoing
R19D	<p><b>Elderly - Residential</b></p> <p>More than anticipated expenditure by £131.7K</p> <p>The principal costs are attributed to the move into Hamnavoe House with additional staff and property costs. Some apportioned costs from the use of Brinkies wing will require to be vired to the Covid-19 budget. In addition, there is an overspend in Braeburn Court staffing.</p>	<p><b>Management input required</b></p> <p>Carry out analysis of the variance in Braeburn Court and ensure all Brinkies expenditure is attributed to the Covid-19 budget.</p>	Lynda Bradford	31/10/2020	New
R19E	<p><b>Elderly - Independent Sector</b></p> <p>Less than anticipated expenditure by £60.3K</p> <p>Some costs are yet to be entered which will reduce the underspend in future reporting periods.</p>	<p><b>Monitor the situation</b></p> <p>Monitor to ensure additional costs entered.</p>	Lynda Bradford	31/10/2020	Ongoing

## Annex 3: Budget Action Plan

### Social Care

<b>Function</b>	<b>Function Description/ Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>	<b>Deadline</b>	<b>Status</b>
<b>R19H</b>	<b>Mental Health</b> Less than anticipated expenditure by £12.9K  Vacancy still exists which is covered by agency staff, those costs are yet to be processed which will reduce underspend.	<b>Process transaction(s)</b> Transactions will be processed.	Lynda Bradford	30/09/2020	Ongoing
<b>R19N</b>	<b>Integrated Joint Board</b> Less than anticipated expenditure by £19.8K  Invoices in regard to the IJB Audit Fees have not yet been received.	<b>Process transaction(s)</b> These invoices will be received once the Audit is completed at the end of August.	Sally Shaw	31/08/2020	Ongoing