

Item: 3

Orkney Health and Care Committee: 10 September 2020.

Revenue Expenditure Outturn.

Joint Report by Chief Officer/Executive Director, Orkney Health and Care and Head of Finance.

1. Purpose of Report

To advise of the revenue outturn position for financial year 2019 to 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 expenditure outturn statement in respect of Orkney Health and Care for financial year 2019 to 2020, attached as Annex 1 to this report, indicating a breakeven position after receiving a contribution of £165,700 from the Outwith Orkney Placements Fund.

The Committee is invited to scrutinise:

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

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 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:

- £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.

4. Financial Summary

4.1.

The revenue expenditure outturn statement is attached as Annex 1 to this report.

4.2.

The Budget Action Plan, attached as Annex 2 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 outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets, for example depreciation and revaluations, current service cost of pensions and accumulated staff absences.

7. Legal Aspects

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

8. Contact Officers

Gillian Morrison, Interim Chief Officer/Executive Director, Orkney Health and Care, extension 2611, Email Gillian.morrison@orkney.gov.uk

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

9. Annexes

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2019 to 2020

General Fund Services	Spend	Budget	Over/Under		Annual
	£000	£000	Spend	%	Budget
Social Care	19,939.7	19,939.7	0.0	100.0	19,939.7
Service Totals	19,939.7	19,939.7	0.0	100.0	19,939.7

Social Care	PA	Spend	Budget	Over/Under		Annual
		£000	£000	Spend	%	Budget
Administration	1c	5,021.5	4,937.8	83.7	101.7	4,937.8
Childcare	1c	3,658.7	3,775.0	-116.3	96.9	3,775.0
Elderly Residential	1c	5,754.5	5,579.2	175.3	103.1	5,579.2
Elderly Independent Sector	1c	136.2	337.8	-201.6	40.3	337.8
Elderly Day Centres		517.1	515.7	1.4	100.3	515.7
Disability	1c	5,588.5	5,515.4	73.1	101.3	5,515.4
Mental Health	1b	222.9	253.9	-31.0	87.8	253.9
Other Community Care	1c	985.1	1,097.8	-112.7	89.7	1,097.8
Occupational Therapy		384.4	392.9	-8.5	97.8	392.9
Home Care	1c	4,147.9	3,926.8	221.1	105.6	3,926.8
Criminal Justice	1c	-2.6	54.8	-57.4	n/a	54.8
Movement in Reserves		-3,063.4	-3,063.4	0.0	100.0	-3,063.4
Integration Joint Board		-3,411.1	-3,384.0	-27.1	100.8	-3,384.0
Service Totals		19,939.7	19,939.7	0.0	100.0	19,939.7

Budget Summary

Original Net Budget	19,552.1
Redetermination - Appropriate Adults	2.0
Contribution from Outwith Orkney Placements Fund	165.7
Contingency Budget - Residential Child Care	323.8
2020/21 Savings Taken in 2019/20	-1.1
Re-align Central Administration Apportioned Costs	-102.8
Revised Net Budget	19,939.7

Movement in Reserves Statement

IFRS Accounting Entries	-3,063.4
	-3,063.4

Annex 2:**Budget Action Plan**

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
R19A	<p>Administration</p> <p>More than anticipated expenditure by £83.7K.</p> <p>The costs for the electronic records system (PARIS) has always had a budget shortfall in regard to the costs incurred.</p> <p>The costs of training staff for short courses and SVQs are a requirement to enable staff to carry out their duties. The costs incurred were higher than the budget allocated.</p>	<p>The budget has been increased for financial year 2020/21 from additional funding received to cover the cost of the licences and maintenance costs.</p> <p>Priority will continue to be given to the training that must be delivered and the costs will be closely monitored going forward.</p>	L Bradford
R19C	<p>Childcare</p> <p>Less than anticipated expenditure by £116.3K.</p> <p>Although there is a budget for five intensive foster carers there are only three approved at present.</p> <p>The payments for throughcare/ aftercare are less than budgeted for.</p> <p>The Children and Adolescent Mental Health Service (CAMHS) had a vacancy throughout the year.</p>	<p>It is envisaged that this will increase, and two further intensive foster carers will be approved.</p> <p>The payments to young people in regards of throughcare/ aftercare is a demand led service, this can fluctuate depending on the young people receiving these payments.</p> <p>An agency staff member was employed towards the latter end of the year to ensure stability within the CAMHS. There has been a successful recruitment for this post and postholder will commence in autumn.</p>	P Robinson

Annex 2:**Budget Action Plan**

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
R19D	<p>Elderly Residential</p> <p>More than anticipated expenditure by £175.3K.</p> <p>There have been significant staff absences within the residential care units. As a result, there have been double running costs and reliance on agency staff to ensure that the service remains within staffing levels agreed with the Care Inspectorate.</p>	<p>It is increasingly apparent that, with an ageing workforce, some staff are experiencing significant and long-term ill health issues which cause absences for a far longer time than the allowance built into the budgets. This will continue to be the case going forward.</p> <p>Whilst the sickness policy is used extensively, an exercise will be undertaken to ensure maximum use of the sickness policy to give an assurance that all possible steps are being taken to manage the issue.</p>	L Bradford
R19E	<p>Elderly Independent Sector</p> <p>Less than anticipated expenditure by £201.6K.</p> <p>There has been a reduction in the requirement for high cost packages within the financial year.</p>	<p>These funds will be fully utilised in the next financial year due to commitment of a new service being approved and the budget will be vired on a permanent basis.</p>	L Bradford
R19G	<p>Disability</p> <p>More than anticipated expenditure by £73.1K.</p> <p>There have been additional staffing costs within the team due to staffing absences which have required to be covered using agency staff.</p> <p>There are also double running costs in regard to building and maintenance costs in relation to the day centres.</p>	<p>There was additional budget received within the overall staff budget setting exercise once the sleep-in pressure had been identified.</p>	L Bradford

Annex 2:**Budget Action Plan**

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
	Costs are being incurred for a sleep-in service which was unfunded.		
R19H	Mental Health Less than anticipated expenditure by £31.0K. There have been vacancies within the team throughout the year.	A support worker post has now been recruited to and will commence in September/ October.	L Bradford
R19I	Other Community Care Less than anticipated expenditure by £112.7K. There has been a number of vacancies within the service throughout the year.	There is a current review being undertaken of the structure within the service and what the ongoing staffing levels will be required.	L Bradford
R19K	Home Care More than anticipated expenditure by £221.1K. The demand for Home Care continues to grow as the ageing population is continuing to increase.	An internal audit in regard to Self-Directed Support was presented to the Monitoring and Audit Committee on 26 September 2019 and identified 8 recommendations to strengthen the current policies and procedures.	L Bradford
R19L	Criminal Justice Less than anticipated expenditure by £57.4K.	One of the vacancies has been recruited to and the remaining vacancy will be advertised shortly.	P Robinson

Annex 2:

Budget Action Plan

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
	There have been vacancies within the service throughout the year.		