

Item: 3

Orkney Health and Care Committee: 8 September 2021.

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 2020/21 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 2020/21, attached as Annex 1 to this report, indicating a breakeven position after receiving a contribution of £88,200 from the Out With 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 appropriate action was 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 2020/21. 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.

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

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

8. Contact Officers

Stephen Brown, Chief Officer/Executive Director, Orkney Health and Care, extension 2601, Email Stephen.brown3@nhs.scot.

Colin Kemp, Interim Head of Finance, extension 2106, Email colin.kemp@orkney.gov.uk.

9. Annexes

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

General Fund Services	Spend	Budget	Over/(Under)		Annual
	£000	£000	Spend	%	Budget
Social Care	20,451.9	20,451.9	0.0	100.0	20,451.9
Service Totals	20,451.9	20,451.9	0.0	100.0	20,451.9

Social Care	PA	Spend	Budget	Over/Under		Annual
		£000	£000	Spend	%	Budget
Administration	1B	3,464.4	4,191.5	(727.1)	82.7	4,191.5
Childcare	1B	4,172.8	3,563.5	609.3	117.1	3,563.5
Elderly Residential	1B	5,293.1	4,925.0	368.1	107.5	4,925.0
Elderly Independent Sector	1B	184.3	341.5	(157.2)	54.0	341.5
Elderly Day Centres	1B	136.1	161.4	(25.3)	84.3	161.4
Disability	1C	3,712.8	3,946.6	(233.8)	94.1	3,946.6
Mental Health	1B	260.5	290.3	(29.8)	89.7	290.3
Other Community Care	1B	878.0	1,042.5	(164.5)	84.2	1,042.5
Occupational Therapy		366.8	402.2	(35.4)	91.2	402.2
Home Care	1B	3,906.8	3,495.7	411.1	111.8	3,495.7
Criminal Justice	1B	3.4	50.0	(46.6)	6.8	50.0
Integration Joint Board	1B	148.4	117.2	31.2	126.6	117.2
Movement in Reserves		(2,075.5)	(2,075.5)	0.0	100.0	(2,075.5)
Service Totals		20,451.9	20,451.9	0.0	100.0	20,451.9

Budget Summary

Original Net Budget	20,342.5
Contribution from Out with Orkney Placements Fund	88.2
Redetermination - Children and Young Peoples Mental Health	70.0
Redetermination - Community Justice CPP	12.0
Re-align Central Administration Apportioned Costs	(60.8)
Revised Net Budget	20,451.9

Movement in Reserves Statement

IFRS Accounting Entries	(2,157.5)
Redeterminations carry forward - Children and Young Peoples Mental Health	70.0
Redeterminations carry forward - Community Justice CPP	12.0
	(2,075.5)

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 income by £727.1K.</p> <p>Due to COVID-19 there was a reimbursement from Scottish Government (via NHS Orkney) in regard to not having capacity to achieve savings within the service. The income was received within one cost centre although it was in relation to the overall Service. Therefore, this is giving an underspend of £592K.</p> <p>There were a few vacancies within the service throughout the year.</p>	<p>The reimbursement reduced the overall overspend within the service. For the next financial year there will only be reimbursement on any planned savings that have not been achieved.</p> <p>The Planning and Performance Officer and Administration staff have successfully been recruited to.</p>	L Bradford
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £609.3K.</p> <p>Social Work Services have been experiencing high levels of sickness absence for a considerable length of time, including key leadership and management roles, all of which has had a significant impact on the Service's ability to deliver effective and statutory social work services to children, young people, and their families. Some of this related to the need for staff members to remain at home due to initial COVID-19 restrictions.</p>	<p>This has been highlighted within the Senior Management Team with both Orkney Islands Council and NHS Orkney and will be closely monitored.</p>	J Lyon

Annex 2:

Budget Action Plan

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
	However, it is anticipated there is also the likelihood for some sickness absence to be long-term. This has resulted in the need to employ additional short-term capacity.		
R19D	<p>Elderly Residential</p> <p>More than anticipated expenditure by £368.1K.</p> <p>There is a continued reliance on agency staffing due to recruitment issues and long-term sickness absence within residential care homes.</p> <p>There are also residual costs from the transition of the Stromness Care Homes (St Peters to Hamnavoe House).</p>	<p>A recruitment campaign was launched in the autumn of 2020 promoting roles within Social Care services, pending the usual recruitment checks this should reduce some reliance on agency staff.</p> <p>A further recruitment campaign has launched again in spring 2021 in ongoing efforts to reduce vacancies.</p> <p>Due to COVID-19 there has been a delay in handing over the former residential care property (St Peters).</p> <p>Continuation of the need to isolate as part of the admission to a care home also has cost consequences.</p>	L Bradford
R19E	<p>Elderly Independent Sector</p> <p>Less than anticipated expenditure by £157.2K.</p> <p>There is less demand on packages within the elderly private residential sector.</p>	Some of this funding will be required in regard to new packages of care.	L Bradford

Annex 2:

Budget Action Plan

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
R19F	<p>Elderly Day Centres</p> <p>Less than anticipated expenditure by £25.3K</p> <p>Due to COVID-19 there were less costs incurred due to the day centres having to close for a significant period.</p>	Following the Scottish Government guidelines, the day centres are reopening but at reduced capacity at present and will be reviewed once updated information is received.	L Bradford
R19G	<p>Disability</p> <p>Less than anticipated expenditure by £233.8K.</p> <p>Day Centres have been closed for around 7 months which has generated some savings such as relief staff requirements.</p> <p>There was some variance in packages of care as families chose to reduce footfall within their own homes.</p>	Any underspend has aided other areas of service pressure for this financial year only.	L Bradford
R19H	<p>Mental Health</p> <p>Less than anticipated expenditure by £29.8K.</p> <p>There was a vacancy across Orkney Islands Council and NHS Orkney resulting in cross charging of posts being less than anticipated.</p>	Any underspend has aided other areas of service pressure for this financial year only.	L Bradford

Annex 2:

Budget Action Plan

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
R19I	<p>Other Community Care</p> <p>Less than anticipated expenditure by £164.5K.</p> <p>There have been various vacancies within the team. Full time salaries were also held against staff on flexible retirement leading to surplus non-recurring budget.</p>	<p>The Service Manager post has been successfully recruited to and any other vacancies will be reviewed in the near future. Any underspend aided other service pressures within this financial year.</p>	L Bradford
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £411.1K.</p> <p>The demand for Home Care continues to grow as the ageing population is continuing to increase. Once an assessed need has been identified and agreed, budget availability cannot be a deciding factor on provision of service due to the current eligibility criteria.</p>	<p>This has been highlighted within the Orkney Health and Care Senior Management Team and will be closely monitored. The adult strategic needs assessment and work on frailty will improve our understanding of demand.</p>	L Bradford
R19L	<p>Criminal Justice</p> <p>Less than anticipated expenditure by £46.6K.</p> <p>There has been a vacancy within the team.</p>	<p>This post will be recruited to in the near future.</p>	J Lyon

Annex 2:

Budget Action Plan

Social Care			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
R19N	<p>Integration Joint Board</p> <p>More than anticipated expenditure by £31.2K</p> <p>There were additional costs incurred in regard to the requirement for an Interim Chief Officer from late August to March 2021.</p>	<p>The Chief Officer post was successfully recruited to and postholder commenced in May 2021.</p>	S Brown