



Item: 3.2

Policy and Resources Committee: 26 November 2024.

Revenue Expenditure Monitoring – Orkney Health and Care.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Corporate Directors and their staff.
- 1.7. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for the period 1 April to 30 September 2024, attached as Annex 1 to this report, indicating a budget overspend position of £1,569,900.
- ii. Note the revenue financial detail by service area statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for the period 1 April to 30 September 2024, attached as Annex 2 to this report.
- iii. Scrutinise 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 appropriate action is being taken with regard to significant budget variances.

For Further Information please contact:

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Implications of Report

1. **Financial** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
In addition, in accordance with the Orkney Integration Scheme, when forecasting an overspend, the Chief Officer and the Chief Finance Officer of the Integration Joint Board are required to prepare a recovery plan setting out how they propose to return to a breakeven position.
2. **Legal** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Committee is responsible, is referred to the Policy and Resources Committee.
4. **Human Resources** N/A.
5. **Equalities** An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** An Island Communities Impact Assessment is not required for financial monitoring.

7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
9. **Environmental and Climate Risk** N/A.
10. **Risk** N/A.
11. **Procurement** N/A.
12. **Health and Safety** N/A.
13. **Property and Assets** N/A.
14. **Information Technology** N/A.
15. **Cost of Living** N/A.

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

September 2024

The table below provides a summary of the position across all Service Areas.

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Social Care	14,251.8	12,681.9	1,569.9	112.4	28,697.8
	14,251.8	12,681.9	1,569.9	112.4	28,697.8
Service Totals	14,251.8	12,681.9	1,569.9	112.4	28,697.8

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	10	9	12	75%
Totals	10	9	12	75%

Annex 2: Financial Detail by Service Area**September 2024**

The following tables show the spending position by service function

General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Social Care						
Administration - SW		692.6	667.5	25.1	103.8	2,541.9
Childcare	1B	2,938.8	2,392.3	547.5	122.9	5,234.5
Older People - Residential	1B	3,718.6	2,971.1	747.5	125.2	6,430.0
Older People - Independent Sector	1B	564.5	167.8	396.7	336.4	305.2
Older People - Day Centres		127.5	126.2	1.3	101.0	231.8
Disability	1C	2,508.0	2,431.2	76.8	103.2	5,369.1
Mental Health	1B	148.0	203.6	(55.6)	72.7	372.7
Other Community Care	1B	536.6	662.7	(126.1)	81.0	1,543.7
Occupational Therapy		235.6	228.6	7.0	103.1	552.5
Home Care	1C	2,621.4	2,708.6	(87.2)	96.8	5,101.4
Criminal Justice	1B	90.3	73.8	16.5	122.4	182.0
Integrated Joint Board	1B	68.9	48.5	20.4	142.1	833.0
Service Total		14,251.8	12,681.9	1,569.9	112.4	28,697.8

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £547.5K</p> <p>Children's Resource Centre – additional staff costs due to staff absence and the need to cover coming at additional cost to the budget.</p> <p>Child Care Additional Resource Centre – overspend is due to staff sickness. Extra members of staff are required to support young people in the house and outwith Orkney to support family time and transitions.</p> <p>Children and Families core staffing budget – difficulties in recruiting permanent staff, resulting in the need to employ agency staff to ensure statutory services are provided to the public, which includes the costs for salary, accommodation and travel.</p>	<p>Monitor the situation</p> <p>The current overspend is for the majority due to the current significant need for agency staff, across social worker, team manager and service manager structures, with additional costs for travel and accommodation.</p> <p>An updated recruitment and retention strategy is underway to fill the current permanent posts, if successful, will mean reduced need for the current level of agency staff.</p>	Darren Morrow	31/10/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19D	<p>Older People - Residential</p> <p>More than anticipated expenditure by £747.5K</p> <p>Due to ongoing use of agency staff to cover vacancies and long-term sickness to maintain safe staffing levels. There are also increased costs for supplies and services</p>	<p>Management input required</p> <p>Recruitment incentives commenced in the latter half of June 2024. If these are successful, the impact will begin to be seen in the second half of the financial year.</p>	Lynda Bradford	31/10/2024	Ongoing
R19E	<p>Older People - Independent Sector</p> <p>More than anticipated expenditure by £396.7K</p> <p>Due to a growing number of people who have required care out-with Orkney. Whilst care packages are regularly scrutinised the care needs of these adults is such that they will not be able to return.</p>	<p>Monitor the situation</p> <p>A new package is subject to considerable scrutiny via the Extraordinary Package of Care process. It is then approved by the Chief Officer. Increases in established packages also require to be approved.</p>	Lynda Bradford	31/12/2024	Ongoing
R19G	<p>Disability</p> <p>More than anticipated expenditure by £76.8K</p> <p>The rate of overspend has lessened due to work to review direct payments. Overspend remains due to a combination of factors: high use of agency staff, coupled with increased service user needs.</p>	<p>Monitor the situation</p> <p>Work will continue to reduce direct payments where on review it is considered appropriate.</p>	Lynda Bradford	31/12/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19H	<p>Mental Health</p> <p>Less than anticipated expenditure by £55.6K</p> <p>The underspend is primarily due to 1.5FTE Administrative Assistant vacancies.</p>	<p>Monitor the situation</p> <p>Monitor the situation and consider recruitment.</p>	Lynda Bradford	31/10/2024	Ongoing
R19I	<p>Other Community Care</p> <p>Less than anticipated expenditure by £126.1K</p> <p>The underspend is due to staff vacancies and 2023/24 recharge for staff costs that have yet to be invoiced by the NHS.</p>	<p>Raise journals request</p> <p>Continue with recruitment process. Reminder to be sent to NHS finance to raise an invoice.</p>	Lynda Bradford	31/10/2024	Ongoing
R19K	<p>Home Care</p> <p>Less than anticipated expenditure by £87.2K</p> <p>This is a combination of use of agency staff required to enable the service to continue to fulfil its service delivery role whilst carrying many vacancies plus ongoing demand for direct payments.</p>	<p>Monitor the situation</p> <p>Impact of the recruitment pilot will not be seen until the second half of the financial year. Demand for direct payments continues with care needs requiring to be met safely. Direct payment reviews are to be undertaken with all existing service users and their families/carers.</p>	Lynda Bradford	31/10/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19L	<p>Criminal Justice</p> <p>More than anticipated expenditure by £16.5K</p> <p>Criminal Justice has been awarded an additional grant allocation of £64k to support post pandemic recovery work and bail services. This grant income is currently not included in the budget. This grant income will offset the overspend when received.</p>	<p>Process transaction(s)</p> <p>Manager will ensure a virement will be posted to include the grant income.</p>	Darren Morrow	30/11/2024	Ongoing
R19N	<p>Integrated Joint Board</p> <p>More than anticipated expenditure by £20.4K</p> <p>Staff costs budget is overspent because the Chief Finance Officer post is currently filled by Agency. The agency cost is higher than the allocated budget for the post.</p>	<p>Monitor the situation</p> <p>The post has been recruited to and the permanent staff member will commence in post in December.</p>	Taiye Sanwo	21/10/2024	New