

Item: 4.2

Policy and Resources Committee: 24 September 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 June 2024, attached as Annex 1 to this report, indicating a budget overspend position of £3,968,400.
- ii. Note the revenue financial detail by Service Area statement of service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible, for the period 1 April to 30 June 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:

Pat Robinson, Service Manager (Accounting), extension 2621, Email:

pat.robinson@orkney.gov.uk

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.
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** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** 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

June 2024

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

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Social Care	8,718.4	4,750.0	3,968.4	183.5	28,697.8
	8,718.4	4,750.0	3,968.4	183.5	28,697.8
Service Totals	8,718.4	4,750.0	3,968.4	183.5	28,697.8

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

Service Area	No. of PAs		Service	PAs/
	P02	P03		
Social Care	9	11	12	92%
Totals	9	11	12	92%

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

The following tables show the spending position by service function

General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
Social Care	PA	£000	£000	£000	%	Budget
						£000
Administration - SW	1B	577.9	350.0	227.9	165.1	2,541.9
Childcare	1B	1,502.7	1,160.0	342.7	129.5	5,234.5
Older People - Residential	1B	2,125.8	1,351.4	774.4	157.3	6,430.0
Older People - Independent Sector	1B	132.1	83.9	48.2	157.4	305.2
Older People - Day Centres	1B	180.9	4.4	176.5	4,111.4	231.8
Disability	1B	1,965.2	553.6	1,411.6	355.0	5,369.1
Mental Health	1B	38.3	(16.0)	54.3	N/A	372.7
Other Community Care	1B	311.4	135.0	176.4	230.7	1,543.7
Occupational Therapy		121.9	119.8	2.1	101.8	552.5
Home Care	1B	1,673.7	957.3	716.4	174.8	5,101.4
Criminal Justice	1B	77.7	28.6	49.1	271.7	182.0
Integrated Joint Board	1B	10.8	22.0	(11.2)	49.1	833.0
Service Total		8,718.4	4,750.0	3,968.4	183.5	28,697.8

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19A	<p>Administration - SW</p> <p>More than anticipated expenditure by £227.9K</p> <p>In part this is due to an accrual for income due from the NHS relating to 2023/24. There is also a requirement to increase budget by using IJB reserves in relation to a new agreement with the third sector.</p>	<p>Raise virements request</p> <p>A temporary virement will be required in respect of the IJB reserves.</p>	Lynda Bradford	30/09/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £342.7K</p> <p>Children's Resource Centre – additional staff costs due to staff absences and the need to cover coming at additional cost to the budget.</p> <p>Re-profiling to be undertaken as awaiting further monies into the budget which will not be received until later in the year.</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>Children Fostered – still awaiting invoices to be received.</p> <p>Childcare Partnership – a small number of applications for childcare grants thus far, will likely pick up in latter part of year.</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	27/12/2024	New

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 £774.4K</p> <p>Due to ongoing use of agency staff to cover vacancies and long term sickness to maintain safe staffing levels.</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 £48.2K</p> <p>Due to a growing number of people who have required care out with Orkney. 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 are also required to be approved.</p>	Lynda Bradford	30/09/2024	Ongoing
R19F	<p>Older People - Day Centres</p> <p>More than anticipated expenditure by £176.5K</p> <p>This is partly due to awaiting NHS funding. Budget profile is for quarterly payment but in 2023/24 it came in six monthly. It is also partly due to the level of direct payments.</p>	<p>Monitor the situation</p> <p>It is not possible to reduce the staffing within the day care centres beyond the safe minimal level. A review of all existing direct payment packages is underway to ensure they continue to be appropriate. This will be ongoing during this year.</p>	Lynda Bradford	30/09/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19G	<p>Disability</p> <p>More than anticipated expenditure by £1,411.6K</p> <p>This is due to a combination of factors: high use of agency staff, coupled with increased service user needs. Quarter 1 funding not yet received.</p>	<p>Monitor the situation</p> <p>Funding still to come in will bring expenditure closer into line with the budget. Increased service user needs being met by external providers as well as direct payments. Any impact from recruitment incentives yet to happen.</p>	Lynda Bradford	30/09/2024	Ongoing
R19H	<p>Mental Health</p> <p>Less than anticipated income by £54.3K</p> <p>There is a vacancy which has not yet been recruited to.</p>	<p>Monitor the situation</p> <p>Vacancy to be recruited to in coming months which will impact on underspend.</p>	Lynda Bradford	31/10/2024	Ongoing
R19I	<p>Other Community Care</p> <p>More than anticipated expenditure by £176.4K</p> <p>There are both overspends and under spends in this service function. The overspend is largely in relation to the use of agency staff. The underspend is due to invoices awaited from NHSO.</p>	<p>Monitor the situation</p> <p>The staff pressures are one of the 4 groups of staff included in the recruitment incentives project. Any impact will be seen in the second half of the financial year.</p>	Lynda Bradford	31/10/2024	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19K	Home Care More than anticipated expenditure by £716.4K This is a combination of use of agency staff plus demand for direct payments.	Monitor the situation 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.	Lynda Bradford	31/10/2024	New
R19L	Criminal Justice More than anticipated expenditure by £49.1K Overspend relates to additional post funded by Scottish Government which can only be reclaimed at year end.	Process transaction(s) Budget holder will ensure money is reclaimed.	Stephen Brown	03/03/2025	Ongoing
R19N	Integrated Joint Board Less than anticipated expenditure by £11.2K The underspend relates to receiving recharge from NHS in period 3.	No action required No action required.	Stephen Brown	27/08/2024	Ongoing