

## **Item: 3**

**Orkney Health and Care Committee: 12 September 2019.**

**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 2018 to 2019 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 2018 to 2019, attached as Annex 1 to this report, indicating a breakeven position after receiving a contribution of £300,900 from the Contingency Budget.

#### **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.

### **3. Background**

#### **3.1.**

On 22 February 2018, the Council set its overall revenue budget for financial year 2018 to 2019. On 17 April 2018, 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 as briefing reports 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. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

### **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 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**

Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care, extension 2101, Email [sally.shaw@orkney.gov.uk](mailto:sally.shaw@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: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2018 to 2019

Financial Summary	Spend	Budget	Over/Under		Annual
	£000	£000	Spend	%	Budget
	£000	£000	£000	%	£000
Social Care	19,389.5	19,389.5	0.0	100.0	19,389.5
<b>Service Totals</b>	<b>19,389.5</b>	<b>19,389.5</b>	<b>0.0</b>	<b>100.0</b>	<b>19,389.5</b>

Social Care	PA	Spend	Budget	Over/Under		Annual
		£000	£000	Spend	%	Budget
		£000	£000	£000	%	£000
Administration		4,087.2	4,050.4	36.8	100.9	4,050.4
Childcare	1c	3,534.9	3,666.3	-131.4	96.4	3,666.3
Elderly Residential	1c	5,676.0	5,521.1	154.9	102.8	5,521.1
Elderly Independent Sector		418.3	418.3	0.0	100.0	418.3
Elderly Day Centres		532.8	548.3	-15.5	97.2	548.3
Disability	1c	5,244.5	5,308.6	-64.1	98.8	5,308.6
Mental Health	1b	208.5	232.1	-23.6	89.8	232.1
Other Community Care		884.0	867.4	16.6	101.9	867.4
Occupational Therapy		423.5	414.0	9.5	102.3	414.0
Home Care		3,820.3	3,797.7	22.6	100.6	3,797.7
Criminal Justice	1b	61.0	43.2	17.8	141.2	43.2
Movement in Reserves		-2,096.3	-2,096.3	0.0	100.0	-2,096.3
Integration Joint Board		-3,405.2	-3,381.6	-23.6	100.7	-3,381.6
<b>Service Totals</b>		<b>19,389.5</b>	<b>19,389.5</b>	<b>0.0</b>	<b>100.0</b>	<b>19,389.5</b>

### Budget Summary

Original Net Budget	18,181.8
Redetermination – Whole System Approach	25.0
Redetermination – Child Poverty Action Reports	5.0
Contribution from Outwith Orkney Placements Fund	431.5
Contingency Budget – Residential Childcare	372.0
Contingency Budget – Social Care 2018/19 Overspend	300.9
Contingency Budget – Reinstate Telecare Savings 2018/19	97.8
Contingency Budget – Reinstate Day Care Savings 2018/19	54.4
Re-align Central Administration Apportioned Costs	-78.9
<b>Revised Net Budget</b>	<b>19,389.5</b>

### Movement in Reserves Statement

IFRS Accounting Entries	-2,096.3
	<b>-2,096.3</b>

**Annex 2:****Budget Action Plan**

<b>Social Care</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R19C</b>	<b>Childcare</b>  Less than anticipated expenditure by £131.4K  There were a number of staffing vacancies within children's services throughout the year. There is not only a local but national issue of retention of Social Workers which can affect not only the quality of service but effective intervention.  The costs for throughcare/aftercare were also less than budgeted for due to the age profile of our care experienced young people.	The recent recruitment of vacancies has been successful and there is only one 0.8FTE still vacant.	<b>S Hunter</b>
<b>R19D</b>	<b>Elderly Residential</b>  More than anticipated expenditure by £154.9K  There have been significant staff absences within the residential care units. As a result, there has been double running costs and the reliance on agency staff to ensure that the service remains within staffing levels agreed with the Care Inspectorate.	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.  An exercise will be undertaken to review the application of the sickness policy to give an assurance that all possible steps are being taken to manage the issue.	<b>L Bradford</b>

**Annex 2:****Budget Action Plan**

<b>Social Care</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R19G</b>	<b>Disability</b>  Less than anticipated expenditure by £64.1K  There were costs in relation to a service level agreement which were unclaimed and therefore unbudgeted for.	It was agreed that additional funding would be received if there was insufficient budget within the overall service.	<b>L Bradford</b>
<b>R19H</b>	<b>Mental Health</b>  Less than anticipated expenditure by £23.6K  There have been vacancies within the team throughout the year.	We are actively looking at alternative staff models in relation to this service area.	<b>L Bradford</b>
<b>R19L</b>	<b>Criminal Justice</b>  More than anticipated expenditure by £17.8K  There has been a requirement for unusually high levels of supervision required to ensure that appropriate support is in place to ensure public safety.	The high level of support has now reduced.	<b>S Hunter</b>