

Item: 4

Orkney Health and Care Committee: 8 September 2021.

Revenue Expenditure Monitoring.

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

1. Purpose of Report

To advise of the revenue position as at 30 June 2021 across each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement, in respect of service areas for which the Orkney Health and Care Committee is responsible, for the period 1 April to 30 June 2021, attached as Annex 1 to this report, indicating a budget underspend position of £23,900.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Orkney Health and Care Committee is responsible, for the period 1 April to 30 June 2021, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

2.3.

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 action is being taken with regard to significant budget variances.

3. Background

3.1.

On 2 March 2021, the Council set its overall revenue budget for financial year 2021/22. On 20 April 2021, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2021/22, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure 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.

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 financial summary for the period 1 April to 30 June 2021 is attached as Annex 1 to this report.

4.2.

The details by Service Area statement is attached as Annex 2 to this report.

4.3.

The Budget Action Plan, attached as Annex 3 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.

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, Email Stephen.brown3@nhs.scot.

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

9. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

June 2021

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

Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Social Care	5,730.6	5,754.5	(23.9)	99.6	20,761.8
Service Totals	5,730.6	5,754.5	(23.9)	99.6	20,761.8

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Social Care	9	8	12	67%
Totals	9	8	12	67%

Annex 2: Financial Detail by Service Area

June 2021

The following tables show the spending position by service function

Social Care	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - SW	1B	483.0	355.0	128.0	136.1	2,026.9
Childcare	1B	818.0	717.2	100.8	114.1	3,666.9
Elderly - Residential		1,528.5	1,482.1	46.4	103.1	4,997.4
Elderly - Independent Sector	1B	11.6	88.5	(76.9)	13.1	345.2
Elderly - Day Centres		142.5	134.5	8.0	105.9	153.4
Disability	1B	1,209.7	1,402.7	(193.0)	86.2	4,023.7
Mental Health	1B	68.1	55.3	12.8	123.3	296.2
Other Community Care	1B	142.7	264.6	(121.9)	53.9	1,012.4
Occupational Therapy	1B	114.1	95.1	19.0	119.9	399.8
Home Care	1C	1,177.6	1,116.2	61.4	105.5	3,604.0
Criminal Justice		(1.4)	3.0	(4.4)	N/A	63.0
Integrated Joint Board		36.2	40.3	(4.1)	89.7	172.9
Service Total		5,730.6	5,754.5	(23.9)	99.6	20,761.8

Changes in original budget position:

Original Net Budget	20,698.8
Flexibility Fund Contribution – Children and Young People’s Mental Health	63.0
	<u>20,761.8</u>

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 £128.0K</p> <p>All the costs attributed to COVID-19 have been recorded within this area as it is hoped that all costs will be reimbursed by Scottish Government.</p>	<p>Monitor the situation</p> <p>A budget will be created on the assumption all costs will be met by Scottish Government in regard to PPE, additional staffing for isolation unit etc. This will be closely monitored.</p>	Lynda Bradford	31/07/2021	Ongoing
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £100.8K</p> <p>There are additional staffing requirements within the service due to sickness absence within the Children and Families team and the additional work required for the joint inspection improvement plan.</p> <p>There are also additional costs for residential care within Orkney due to the children's house being at full capacity.</p>	<p>Monitor the situation</p> <p>This has been highlighted within the Senior Management Team.</p>	Jim Lyon	31/07/2021	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19E	<p>Elderly - Independent Sector</p> <p>Less than anticipated expenditure by £76.9K</p> <p>There has been a significant reduction in the requirement of high cost packages of care.</p>	<p>Monitor the situation</p> <p>There is a new package commencing in the near future and therefore this underspend will reduce.</p> <p>Any underspend will aid cost centres with an overspend.</p>	Lynda Bradford	31/07/2021	Ongoing
R19G	<p>Disability</p> <p>Less than anticipated expenditure by £193.0K</p> <p>There was some variance in packages of care as families chose to reduce footfall within their own homes.</p> <p>There has been a reduced level of activity due to closure of day services.</p>	<p>Monitor the situation</p> <p>This underspend will reduce as services start to reopen and service delivery increases.</p>	Lynda Bradford	31/07/2021	Ongoing
R19H	<p>Mental Health</p> <p>More than anticipated expenditure by £12.8K</p> <p>There had been a requirement for some agency staffing to ensure service sustainability.</p>	<p>Monitor the situation</p> <p>This has now ceased and therefore costs will reduce accordingly.</p>	Lynda Bradford	30/06/2021	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19I	<p>Other Community Care</p> <p>More than anticipated income by £121.9K</p> <p>Income of £71K has been received for the Telecare project of moving from analogue to digital.</p> <p>There have also been vacancies within the service.</p>	<p>Raise virements request</p> <p>A virement will be processed to change the profile of the income as this is giving an inaccurate underspend.</p> <p>There has been a successful recruitment to the Service Manager post within the service.</p>	Lynda Bradford	31/07/2021	Ongoing
R19J	<p>Occupational Therapy</p> <p>More than anticipated expenditure by £19.0K</p> <p>There are staffing costs which will be reimbursed, in regard to the Home First project.</p>	<p>Monitor the situation</p> <p>There will be income received from NHS Orkney to cover the costs of this post for this financial year as agreed by the Integrated Joint Board.</p>	Lynda Bradford	31/07/2021	Ongoing

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £61.4K</p> <p>Home Care - noting 2020/21 overspend of £248K.</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>There is currently an increase in short term sickness within the team whereby there is a requirement to use agency staffing.</p>	<p>Monitor the situation</p> <p>This has been highlighted within the Orkney Health and Care Senior Management Team and will be closely monitored.</p> <p>The Adult Strategic Needs Assessment and work on frailty will improve our understanding of demand.</p>	Lynda Bradford	31/08/2021	Ongoing