

**ORKNEY HEALTH AND CARE COMMITTEE: 24 SEPTEMBER 2015**

**REVENUE EXPENDITURE OUTTURN REPORT  
FOR FINANCIAL YEAR 2014/15**

**JOINT REPORT BY CHIEF EXECUTIVE AND  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**1. PURPOSE OF REPORT**

- 1.1 To advise of the revenue outturn position for financial year 2014/15 for which the Committee is responsible.

**2. RECOMMENDATIONS**

The Committee is invited to note:-

- 2.1 the revenue expenditure outturn statement in respect of Social Care for financial year 2014/15, indicating a General Fund overspend of £255,000; and
- 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. POLICY ASPECTS**

- 3.1 This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

**4. INTRODUCTION**

- 4.1 At its Special General Meeting held on 13 February 2014, as part of the budget setting process for 2014/15, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2014/15.

**5. BACKGROUND**

- 5.1 Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform committee members of the up to date financial position. From this committee cycle onwards quarterly REMRs are being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.

- 5.2 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.
- 5.3 Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:-
- 5.3.1 £10,000 **and** 10% more or less than Anticipated position;
- 5.3.2 £50,000 more or less than Anticipated position.
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements shown in Annex 1. 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 in Annex 2.
- 5.5 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.
- 5.6 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.

## **6. FINANCIAL SUMMARY**

- 6.1 Annex 1 provides the detailed position by Service Area by Service Function. The table below provides a summary of the position across the Service Area.

	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>£000</b>	<b>£000</b>	<b>Spend</b>	<b>%</b>	<b>Budget</b>
<b>General Fund Services</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Social Care	17,567	17,312	255	101.5	17,312
<b>Service Totals</b>	<b>17,567</b>	<b>17,312</b>	<b>255</b>	<b>101.5</b>	<b>17,312</b>

- 6.2 The budget overspend across the General Fund service area is £255K, alternatively expressed as 101.5% of the anticipated net spending position for the year.
- 6.3 The Budget Action Plan attached as Annex 2 provides an explanation and proposed corrective action for each of the Priority Actions identified.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 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.

- 7.2 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.
- 7.3 The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards (IFRS). This includes accounting for the use of fixed assets e.g. depreciation and revaluations, current service cost of pensions and accumulated staff absences.

## **8. LEGAL ASPECTS**

- 8.1 Financial monitoring and reporting helps the Council meet its obligation to secure best value.

## **9. CONTACT OFFICERS**

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## **10. ANNEXES**

- 10.1 Annex 1 - Revenue Expenditure Outturn Statement for 2014/15
- 10.2 Annex 2 - Budget Action Plans

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2014/15

	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
<b>Social Care</b>						<b>£000</b>
Administration	1c	2,560	2,465	95	103.9	2,465
Childcare		3,755	3,717	38	101.0	3,717
Elderly Residential	1c	4,568	4,480	88	102.0	4,480
Elderly Independent Sector		297	271	26	109.6	271
Elderly Day Centres		239	257	-18	93.0	257
Disability		3,291	3,311	-20	99.4	3,311
Mental Health		257	239	18	107.5	239
Other Community Care		657	679	-22	96.8	679
Occupational Therapy		383	369	14	103.8	369
Home Care		3,007	3,003	4	100.1	3,003
Criminal Justice		-22	-20	-2	110.0	-20
Movement in Reserves		-1,417	-1,459	42	97.1	-1,459
Resource Transfer		-8	0	-8	n/a	0
<b>Service Totals</b>		<b>17,567</b>	<b>17,312</b>	<b>255</b>	<b>101.5</b>	<b>17,312</b>

### **Budget Summary**

Original Net Budget	16,968
Early Years Change Fund Allocation: Family Centres and Family Support	18
Redetermination - Looked After Children	18
Contribution from corporate contingency to Braeburn court for fees shortfall	20
Contribution from corporate contingency - High Cost Packages of Care	48
Contribution from corporate contingency - Children's Residential Care	240
<b>Revised Net Budget</b>	<b>17,312</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries	-642
<u>Transfer to Reserves:</u>	
Contribution to Outwith Orkney Placements Fund	41
<u>Transfer from Reserves:</u>	
Contribution from Spend to Save - Fostering Services	-12
Contribution from Outwith Orkney Placements Fund	-804
	<b>-1,417</b>

**Annex 2: Budget Action Plan**

<b>Social Care</b>				
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Status</b>
<b>SC8</b>	<p><b>Elderly Residential</b> Overspend £88K</p> <p>The budget for fees was increased in respect of residential care but the actual income is not as high as anticipated due to a decrease in self-funding residents and long term residents now paying less due to decrease in capital.</p>	No action required.	C Sinclair	
<b>SC16</b>	<p><b>Administration</b> Overspend £95K</p> <p>Due to an increased charge in central services apportioned costs against budget.</p>	The apportioned costs budgets will be realigned during 2015/16 financial year to more closely reflect actual spending levels.	C Sinclair	<b>Ongoing</b>