

Item: 4.2

Policy and Resources Committee: 21 February 2023.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 31 December 2022 across each of the service areas within the Orkney Health and Social Care Partnership, for which the Council is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary 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 31 December 2022, attached as Annex 1 to this report, indicating a budget overspend position of £1,396,800.

2.2.

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 31 December 2022, 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 10 March 2022, the Council set its overall revenue budget for financial year 2022/23. On 21 June 2022, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2022/23, 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 Corporate 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 31 December 2022 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 Officer

Erik Knight, Head of Finance, Email erik.knight@orkney.gov.uk.

9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

December 2022

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	17,880.8	16,484.0	1,396.8	108.5	24,171.7
	17,880.8	16,484.0	1,396.8	108.5	24,171.7
Service Totals	17,880.8	16,484.0	1,396.8	108.5	24,171.7

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Social Care	7	9	12	75%
Totals	7	9	12	75%

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		1,237.0	1,220.8	16.2	101.3	2,242.8
Childcare	1B	3,562.5	2,801.9	760.6	127.1	3,958.9
Older People - Residential	1C	4,521.2	4,168.2	353.0	108.5	5,329.7
Older People - Independent Sector	1B	168.7	202.3	(33.6)	83.4	240.8
Older People - Day Centres	1B	235.3	169.0	66.3	139.2	171.5
Disability	1C	3,290.8	3,180.2	110.6	103.5	4,179.9
Mental Health		187.0	177.1	9.9	105.6	302.6
Other Community Care		683.5	701.9	(18.4)	97.4	1,103.9
Occupational Therapy	1B	349.9	301.9	48.0	115.9	418.2
Home Care	1C	3,491.2	3,243.1	248.1	107.7	4,469.2
Criminal Justice	1B	51.3	75.1	(23.8)	68.3	120.7
Integrated Joint Board	1B	102.4	242.5	(140.1)	42.2	1,633.5
Service Total		17,880.8	16,484.0	1,396.8	108.5	24,171.7

Changes in original budget position:

Original Net Budget	23,179.5
Ph II Corp Mgt Restructure IJB/GF	98.6
Ph II Corp Mgt Restructure IJB/GF	124.3
Ph II Corp Mgt Restructure IJB	161.9
Ph II Corp Mgt Restructure IJB: Social Worker	56.7
Ph II Corp Mgt Restructure IJB:	54.7
National Trauma Training Programme reinstatement from RSG	50.0
Care Home Winter from Redeterminations Fund	271.0
Interim Care Winter from Redeterminations Fund	175.0
	24,171.7

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19C	<p>Childcare</p> <p>More than anticipated expenditure by £760.6K</p> <p>Costs related to need for an additional, unfunded, children's house to care for children locally and avoid need for expensive care in mainland Scotland. External care costs have significantly increased, and there is an ongoing protracted legal process not expected to end before spring 2023.</p>	<p>Monitor the situation</p> <p>The budget provision needs increased as there are no alternative care arrangements which can be put in place. The option of local care as being provided is in the best interests of the children and is cheaper than external provision and associated travel and visiting costs, particularly at a time of major staffing shortages.</p>	Stephen Brown	31/03/2023	Ongoing
R19D	<p>Older People - Residential</p> <p>More than anticipated expenditure by £353.0K</p> <p>The reasons for the overspend fall into 3 headings however all are unavoidable: need for agency staff due to staff sickness and vacancies, general increased cost of living and some significant property costs. There are fewer care home residents who pay full cost.</p>	<p>Monitor the situation</p> <p>All action continues to be taken with reference to staff shortages.</p>	Lynda Bradford	31/03/2023	New

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19E	<p>Older People - Independent Sector</p> <p>Less than anticipated expenditure by £33.6K</p> <p>A high-cost package has ceased to be required.</p>	<p>Monitor the situation</p> <p>New high cost package may arise in year so monitor meantime.</p>	Lynda Bradford	31/03/2023	Ongoing
R19F	<p>Older People - Day Centres</p> <p>More than anticipated expenditure by £66.3K</p> <p>The principal reason for the overspend is in relation to direct payments in lieu of day care. Once assessed as requiring the service it must be provided. There is no capacity to reduce in house services to release funding.</p>	<p>Monitor the situation</p> <p>Monitor with view to virement later in year.</p>	Lynda Bradford	31/03/2023	Ongoing
R19G	<p>Disability</p> <p>More than anticipated expenditure by £110.6K</p> <p>There are both overspends and underspends in this budget grouping. The principal factors are increasing, unavoidable demand for care which must be met, coupled with the need for agency staffing.</p>	<p>Monitor the situation</p> <p>Vacancy and long-term sickness continue to be managed. However, the need for agency staff remains.</p>	Lynda Bradford	31/03/2023	New

Social Care

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R19J	<p>Occupational Therapy</p> <p>More than anticipated expenditure by £48.0K</p> <p>A combination of costs which are rising, rates which are not included in the budget and demand for small grants.</p>	<p>Monitor the situation</p> <p>Demand for small grants will be reviewed.</p>	Lynda Bradford	31/03/2023	New
R19K	<p>Home Care</p> <p>More than anticipated expenditure by £248.1K</p> <p>Combination of agency costs and direct payments which require to be funded when need assessed.</p>	<p>Monitor the situation</p> <p>All measure taken to try to recruit to vacant posts and reduce reliance on agency staff.</p>	Lynda Bradford	31/03/2023	Ongoing
R19L	<p>Criminal Justice</p> <p>Less than anticipated expenditure by £23.8K</p> <p>£39.1K underspend is related to an unfilled Public Protection Post. £18.4K overspend is related to the requirement to relocate to bigger more costly premises.</p>	<p>Monitor the situation</p> <p>One Public Protection posts has now been filled but the other remains vacant.</p>	James Lyon	31/03/2023	Ongoing
R19N	<p>Integrated Joint Board</p> <p>Less than anticipated expenditure by £140.1K</p> <p>Recharge between NHSO and Council for the Chief Finance Officer and Chief Officer joint posts yet to be processed</p>	<p>Management input required</p> <p>NHS finance has confirmed that they will raise the invoice by the end of the month, and this will reduce the underspend on this line.</p>	Stephen Brown	31/01/2023	Ongoing