



2013-14 Budget Monitoring

Report to: Resources Committee

Date: 17 September 2013

Report by: Kenny Dick, Finance and Corporate Governance Manager

Report No. R-26-2013

Agenda Item: 7

PURPOSE OF REPORT

To advise the Committee of the projected financial position for the year to 31 March 2014 (based on July ledger).

RECOMMENDATIONS

That the Resources Committee:

1. Considers the revenue monitoring statement for the year to 31 March 2014.
2. Considers the capital monitoring statement as at 31 July 2013.

Version Control and Consultation Recording Form

Version	Consultation	Manager	Brief Description of Changes	Date
	Senior Management			
	Legal Services			
	Resources Directorate			
	Committee Consultation (where appropriate)			
<p>Equality Impact Assessment</p> <p>To be completed when submitting a new or updated policy (guidance, practice or procedure) for approval.</p>				
Policy Title:				
Date of Initial Assessment:				
EIA Carried Out			YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If yes, please attach the accompanying EIA and briefly outline the equality and diversity implications of this policy.				
If no, you are confirming that this policy will have no negative impact on people with a protected characteristic and a full Equality Impact Assessment is not required.			Name: Kenny Dick Position: Head of Finance & Corporate Governance	
Authorised by Director	Name: Gordon Weir		Date: 21 August 2013	

1.0 INTRODUCTION

1.1 Corporate Plan Reference

Outcome 3

'The Care Inspectorate performs effectively and efficiently as an independent scrutiny and improvement body and works well in partnership with other bodies'

Outcome 3, Strategic Objective No 5

'Ensure that we make the best use of all our resources and provide value for money'

1.2 Background

The Care Inspectorate is responsible and accountable for the administration of an annual budget with predicted gross expenditure (revenue and capital) of £35.302m in the current financial year.

The Care Inspectorate manages those resources and has in place formal processes for the accurate recording, reporting and effective managerial control of its funds.

Attached as Appendix 1 is the 2013/14 revenue budget monitoring statement for the year to 31 March 2014, based on the financial ledger to 31 July 2013.

- Budget virement represents the transfer of resources between budget headings to reflect expected changes in income or expenditure patterns and will be subject to compliance with the budget virement policy.
- Revised budget shows approved budget amended for budget virements.
- Phased budget details the budget required at the ledger date i.e. for this report the phased budget represents planned income and expenditure to 31 July 2013.
- Actual expenditure shows actual and committed expenditure as at the ledger date of 31 July 2013.
- The variance column represents the difference between actual expenditure and phased budget, with figures in brackets representing an underspend.
- The projected outturn forecasts the expected position at the end of the financial year, based on estimates prepared in conjunction with the budget managers.
- The final 'Projected Variance' column shows the anticipated variance to revised budget at the end of the financial year.

2.0 2013/14 PROJECTED BUDGET OUTTURN

The net revenue position projected as at 31 March 2014 is an underspend against revised budget of £262k. The main variances in budget headings are noted below.

2.1 Staff Costs – (£175k)

The revised organisational structure implementation is on-going with a number of team structures having been agreed by Executive Team (ET). The recruitment process is underway for a number of new posts with a further recruitment campaign planned following consideration of additional team structures. Staff cost projections are based on staff currently in post projected to the year end and adjusted for known recruitment and leavers. There is an overall underspend of £175k projected in staff costs with the main variances as follows:

2.1.1 Chief Officers & Senior Managers - (£70k)

A projected underspend of £70k in Chief Officers and Senior Managers is mainly due to appointments to the new organisational structure being slightly later than anticipated

2.1.2 Admin & Professional - £(14k)

Admin and professional costs, when combined with the cost of temporary hired agency staff, are projecting an underspend of £14k. This is mainly due to the implementation of the revised organisational structure which has seen a change in the number and type of posts within the organisation. The revised organisational structure has resulted in a small number of staff being displaced and salary protection arrangements are in place.

2.1.3 Specialists - (£29k)

A projected underspend in Specialists of £29k is due to a budgeted full time Professional Advisor (Health) post being filled on a part time basis.

2.1.4 Team Managers - £138k

A projected overspend in Team Managers of £138k is due to a Team Manager being seconded to strategic inspections on a temporary basis (backfill arrangements are in place), flexible retirement arrangements and the cost of an additional temporary Team Manager post approved by ET for Analysis & Business Planning.

2.1.5 Inspectors - £128k

Inspector costs, including expenditure on Locums, project an overspend of £128k due to budgeted slippage not being achieved at this stage in the financial year. It is anticipated costs will reduce as the year progresses. Projected costs include 8.7 FTE vacancies being filled with October 2013 start dates.

2.1.6 Strategic Inspectors - (£199k)

An underspend of £199k is projected for Strategic Inspectors. The recruitment of Strategic Inspectors is on-going and it is expected all budgeted posts will be filled by October 2013. Projections include the cost of a Strategic Inspector on secondment to Scottish Government, with the seconded costs of £74k being offset by a corresponding increase in Seconded Officer income.

2.1.7 Secondees & Grant Funded Posts - (£129k)

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An underspend of £77k is projected for Secondees. Two specialist posts have not been recruited to with the budget being partly used to fund temporary organisational structure changes.

An underspend of £52k is projected for grant funded posts. This is due to the Nurse Consultant (Older People) post being vacant for part of the year whilst a review of the requirements of this post is completed. The underspend is offset in full by a corresponding decrease in income as noted in 2.6.4.

2.1.8 Other Staff Costs - £0k

Non payroll costs are projected to outturn on budget. The budget includes an allowance of £58k for potential costs associated with job evaluation which will be complete this financial year.

2.2 Accommodation Costs - (£6k)

An underspend of £6k is projected for accommodation costs. This is due to a review of the service level agreement with the Office of the Scottish Charities Regulator with a projected reduction in rent of £6k

2.3 Administration Costs - £22k

An overspend of £22k is projected for professional fees. The Allied Health Professional Consultant has secured additional funding from Scottish Government to undertake an evaluation of the 'Making Every Moment Count' project and to undertake an additional project under the 'Go for Gold Scotland Challenge' programme developing a resource to support care homes. This additional cost is offset in full by additional income as noted in 2.6.4.

2.4 Transport Costs - £0k

Transport costs are projected to outturn on budget at this stage of the financial year.

2.5 Supplies & Services Costs - £0k

Supplies & Services costs are projected to outturn on budget at this stage of the financial year.

2.6 Income

2.6.1 Fee Income - (£15k)

Fee income is projected to be £15k more than budget,

Income from continuation fees is projected to be £65k less than budget. Detailed analysis of this variance is not completed yet but it is likely to be due to changes in the number, size and type of services occurring between when the budget is set and when invoices are to be raised.

Registration income is intrinsically difficult to predict and a prudent estimate of registration income is taken in the budget. Based on activity to date and the previous year's income pattern an additional £80k of registration fee income is projected.

2.6.2 Shared Service Income - £6k

A projected reduction of £6k in shared service income is due to a renegotiation of the Service Level Agreement held with the Office of the Scottish Charities Regulator for Quadrant House shared services.

2.6.3 Seconded Officers - (£74k)

As noted in 2.1.6 additional income of £74k is projected for a Strategic Inspector currently on secondment to Scottish Government.

2.6.4 Miscellaneous Income - (£21k)

Miscellaneous income is projected to be £21k more than budget due to the following:

- A prudent approach was taken when preparing the budgeted income for strategic inspections carried out on behalf of the States of Jersey and the Isle of Man. The detail of this work has now been agreed, with an additional £41k income projected.
- The sub lease income for the Aberdeen Office has also increased by £16k which is mainly due to the revised rent charges agreed at the end of 2012/13.
- Additional income of £22k from Scottish Government to fund specific projects as noted in 2.3.

This is partly offset by a reduction in funding of £58k due to the Nurse Consultant (Older People) post being vacant for part of the year as noted in 2.1.7 above. Projected grant income for the Nurse Consultant includes staff and all administrative support costs.

3.0 BUDGET VIREMENT

Budget virement allows Budget Managers to amend budgets in the light of experience or to reflect anticipated changes in the expected pattern of income or expenditure.

A summary of budget virements are shown in the relevant column of Appendix 1

4.0 PROJECTIONS AT SIGNIFICANT RISK TO CHANGE

There are a number of areas in the budget noted below whereby there are financial uncertainties. The table below details the budget headings identified. ET members are requested to discuss these budget issues with their appropriate budget manager.

Budget Heading	Budget Issue	Potential Over/(Under) Spend £'000	Responsible
Staff Costs – Inspectors	The first quarter inspection performance indicates that we are behind target. More resource in terms of locum use, temporary contracts etc may need to be applied to bring the inspection plan back towards budget. Any changes to staffing following the review of the Registration, Complaints and Legal functions may have a financial impact.	Over ?	Director of Strategic Development
Staff Costs – T&C Harmonisation/Restructure	Projected costs include an allowance of £58k for the job evaluation results for the strategic grade and team restructures. Any variation from this will result in either an increase or decrease in costs.	?	Director of Corporate Services
Administration Costs – Telephones	Work is on-going with our telecoms provider to determine what the on-going charges for 2013/14 will be. It is possible that credits may be received for billing errors in previous years. Should this	Under	Director of Corporate Services

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	risk materialise the budget may not be required in full this financial year.		
Transport Costs	The impact of expert teams and the planned development weeks on travel & accommodation is uncertain and will be closely monitored throughout the financial year.	Over	All
Administration Costs – Professional Fees	The professional fee projection contains very little contingency and there is therefore risk of this budget becoming overspent as there is unpredictability, particularly with respect to legal fees.	50	Director of Corporate Services
Fee Income	Services newly registering are intrinsically difficult to predict, with a prudent approach taken at the budget setting stage. This coupled with the reduction in registration activity during March 2013 to allow for planned system development, means it is possible that registration fee income may further increase this financial year.	Under	Director of Corporate Services

5.0 CAPITAL

The capital plan monitoring statement is attached as Appendix 2.

The purpose of this statement is to allow the Committee to monitor capital expenditure against authorised expenditure limits. There is no separate funding for capital expenditure which must be met from the revenue account. The capital costs are included within the revenue monitoring statement.

It is therefore the revenue budget monitoring statement that remains key to monitoring the Care Inspectorate's financial position. Any underspend in capital expenditure will be used for revenue purposes or will be reported as an underspend on the revenue monitoring statement. An overspend against the capital plan will require to be funded by an underspend on the revenue account.

At this stage of the financial year it is anticipated that capital expenditure will be within the limits set out in the capital plan.

6.0 BENEFITS FOR PEOPLE WHO USE CARE SERVICES AND THEIR CARERS

Formal processes for the accurate recording, reporting and effective managerial control of its funds ensure that the resources available are directed in accordance with corporate plans and objectives, with the ultimate aim of bringing benefits to people who use care services and their carers.

7.0 CONCLUSION

The budget monitoring position currently projects an underspend of £262k. There are some significant risks detailed in Section 4. ET is to consider and prioritise alternative expenditure proposals based on the priority 2 and 3 actions detailed in the Operational Improvement Plan. This will ensure that as the risk position becomes clearer, action can be taken to ensure that we can effectively use the funding available.

LIST OF APPENDICES

- Appendix 1** Care Inspectorate Budget Monitoring Statement for the Year to 31 March 2014
Appendix 2 Capital Monitoring Statement to 31 July 2013