

## 2018/19 Budget Monitoring

**Report to:** Board  
**Date:** 18 December 2018  
**Report by:** Nicky Anderson, Interim Head of Finance  
**Report No:** B-78-2018  
**Agenda Item:** 17

### PURPOSE OF REPORT

To advise the Board of the projected financial position for the year to 31 March 2019 (based on the general ledger as at 31 October 2018, month 7).

### RECOMMENDATIONS

That the Board:

1. Considers the core revenue budget monitoring statement for the year to 31 March 2019 (Appendix 1).
2. Considers the position on projected expenditure against available specific grant funding for the Care About Physical Activity (CAPA) and CAPA 2 Programmes for the year to 31 March 2019 (Appendix 2).
3. Considers the position on the Business / Digital Transformation Project for the year to 31 March 2019 (Appendix 3).
4. Considers the Capital Statement as at 31 October 2018 (Appendix 4).
5. Note the areas that are at significant risk of change in section 6.0.
6. Note the projected general reserve position described in section 8.0.

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**Consultation Log**

Who	Comment	Response	Changes Made as a Result/Action
Senior Management			
Legal Services			
Corporate and Customer Services Directorate			
Committee Consultation (where appropriate)			
Partnership Forum Consultation (where appropriate)			
<b>Equality Impact Assessment</b>			
Confirm that Involvement and Equalities Team have been informed	YES <input type="checkbox"/>	NO <input type="checkbox"/>	
EIA Carried Out	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
If yes, please attach the accompanying EIA and appendix and briefly outline the equality and diversity implications of this policy.			
If no, you are confirming that this report has been classified as an operational report and not a new policy or change to an existing policy (guidance, practice or procedure)	Name: Nicky Anderson Position: Interim Head of Finance		
Authorised by Director	Name: Kenny Dick	Date: 26/11/18	

## EXECUTIVE SUMMARY

The budget was approved with a budget deficit of £1.454m to be funded from the general reserve balance. This comprises previously planned use of £0.357m to support the final year of the Care About Physical Activity (CAPA) programme – this funding was received in 2016/17 and was credited to the general reserve. It was agreed that the budgeted target general reserve balance would be decreased to 1.65% of gross controlled expenditure to release funds to support the Business and Digital Transformation Project and investment in ICT infrastructure.

During 2017/18 expenditure was strictly controlled to generate an underspend in order to create funding for Digital Transformation and ICT Modernisation. As a result of this effort and a postponement of a planned Compass House office accommodation re-configuration, the general reserve balance is £688k more than was anticipated when the budget was set.

The current projected net expenditure variance for the 2018/19 Care Inspectorate revenue budget as at 31 March 2019 is an overspend of £1,686k. This is £232k more than the budgeted position but when taken together with the additional £688k in the general reserve the net impact is a favourable variance to the budgeted position of £456k.

The summary of the main budget movements since the last report are shown in the table below:

	<b>£'000</b>
Budget variance reported to Board 27 September 2018	217
Current projected budget variance	232
Movement in projected variance	15

<b><u>Summary of movements:</u></b>	<b>Core Revenue Budget £'000</b>	<b>CAPA 2 £'000</b>	<b>Total £'000</b>
Staff costs	(203)	136	(67)
Administration costs	176	57	233
Travel and subsistence	0	17	17
Other supplies and services	264		264
Grant income	(49)	(210)	(259)
Shared services income	(147)		(147)
Miscellaneous income	(26)		(26)
	15	0	15

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**MOVEMENT IN PROJECTED EXPENDITURE**

The main changes in budget variance from the position reported to the Board at its meeting of 27 September 2018 are detailed below.

Care About Physical Activity Programme (CAPA 2)

The offer of grant to extend the CAPA Programme has been received, with funding totalling £750k awarded. This grant covers expenditure to be incurred over an 18 month period, beginning November 2018. The projected expenditure for 2018/19 is £210k which is offset in full by corresponding grant income.

**Core Revenue Budget Movements:**Staff Costs – Decrease of £203k

The projected decrease of £203k in staff costs is mainly due to the following:

- Difficulties in recruitment and team changes have resulted in a further projected underspend of £171k on agency staff to support the Business and Digital Transformation Project. This means that the Care Inspectorate PA Consulting's contract to support the project has been extended further to ensure continued momentum and knowledge transfer. This is reflected in a projected increase in professional fees.
- Admin and professional staff costs slippage is projected to increase by £88k. This is mainly due to an increase in vacancy slippage where a number of vacant business support posts are not being filled this financial year.
- A vacant Strategic Inspector post is now not expected to be filled until 2019/20. This reduces the projection by £31k.
- Inspector slippage is projected to increase by £22k.
- A vacant Inspection Practitioner post is not being filled this financial year. This alongside slippage in start dates of new postholders has resulted in a decrease of £28k in projected expenditure.

The above decreases totalling £340k are partially offset by the following projected increases:

- Team Manager backfill costs of £27k to provide cover for long term absence.
- Scottish Government has asked the Care Inspectorate to support the first phase of the Scottish Study of Early Learning and Childcare (SSELC). This will require Inspector resources that will be backfilled by the use of locums and Inspector overtime. It is estimated the additional Inspector cost will be £49k. The cost of SSELC is funded by Scottish Government (see Grant Income below).

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- Projected recruitment expenditure has increased by £33k due to recruitment for the Chief Executive post.
- Projected expenditure includes additional voluntary early retirement (VER) costs of £16k. This is the final VER from the budget reduction measures identified to assist with the implementation of the revised organisational structure.
- Projected relocation expenditure has increased by £8k.
- Other minor staff cost variances totalling a projected increase of £4k.

Administration Costs – Increase of £176k

A projected increase of £176k in administration costs is mainly due to the following:

- As noted in staff costs, PA Consulting's contract to support the Business and Digital Transformation Project has been further extended to ensure continued momentum and knowledge transfer to Care Inspectorate staff. This has resulted in a projected increase of £252k in professional fees.
- A projected increase in ICT modernisation expenditure of £43k for Sharepoint & Office 365 deployment design including the optimisation of the available information governance functionality.
- A projected increase of £14k in counsel costs for an ongoing legal case.
- A projected increase of £10k in professional fees relating to work undertaken on behalf of the SSSC. This is offset by a corresponding increase in shared service income.
- Other small increases totalling £1k.

The increases totalling £320k are partially offset by the following projected decreases in expenditure:

- An increase in projected savings of £113k from the new telecoms contracts. This is in addition to the £20k saving previously projected.
- Savings totalling £24k in Improvement Support and CAPA professional fees. These savings have been used to extend the grant funded CAPA posts to allow for a seamless transition between CAPA and CAPA 2.
- Projected expenditure for Involvement activities is £7k less than budgeted. This is being used to fund temporary backfill arrangements for long term absence in Organisational Workforce Development.

Other Supplies and Services – Increase of £264k

This increase to the projection is due to additional equipment required for the ICT modernisation project (£128k), the projected costs of the additional works required to ensure the SSSC retains telephony services via the Care Inspectorate network following the SSSC's migration to their new independent IT infrastructure (£114k) and the purchase of additional equipment to support the business and digital transformation project (£22k). The cost of the

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telephony work is fully funded by the SSSC and is therefore offset by an increase to the shared service income projection.

Grant Income

As noted in staff costs above, Scottish Government has asked the Care Inspectorate to support the first phase of the Scottish Study of Early Learning and Childcare (SSELC) and is providing funding of £49k.

Shared Service Income – Increase of £147k

The projected increase in shared service income is due to the recovery of costs relating to the SSSC telephony solution (£114k), recovery of professional fees relating to work undertaken on behalf of the SSSC (£10k) and an increase to the variable ICT shared service charge (£23k).

Miscellaneous Income – Increase of £26k

IPads do not form part of the ICT Modernisation Programme and are being offered to staff to purchase. Income of £25k is projected for this. There is also a small increase of £1k projected for other miscellaneous income.

## 1.0 INTRODUCTION

Corporate Plan reference

Strategic Objective No 4

We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

Key Priority 4.1

Develop a best value approach underpinned by an efficiency saving regime to identify areas for savings, investment, and growth. This will enable us to meet future financial challenges, working collaboratively with our staff and partner bodies to continue to identify ways of reducing duplication and deploying flexible, innovative approaches to evidence public value. We will revise and strengthen our quality assurance processes and practices across all parts of the Care Inspectorate to ensure we deliver the highest quality work in a way that constantly evolves and improves.

Key Priority 4.5

Strengthen our governance arrangements and success reporting so that we are transparent, accountable and open to challenge on how we evidence our success and use of public monies and resources. We will review in partnership with Scottish Government, our legislative framework to ensure it is fit for purpose and acts as an enabler in delivering our statutory responsibilities of providing protection and assurance for people who use services and their carers.

## 1.1 Background

The Care Inspectorate is responsible and accountable for the administration of an annual budget with predicted gross expenditure (revenue and capital) of £37.569m 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 2018/19 core revenue budget monitoring statement for the year to 31 March 2019, based on the financial ledger to 31 October 2018.

- Approved Budget is the budget approved by Board on 29 March 2018.
- 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.

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- Revised Budget shows approved budget amended for budget virements.
- Actual & Commitments shows actual and committed expenditure as at the ledger date of 31 October 2018.
- Projected Income/Expenditure forecasts the expected position at the end of the financial year, based on estimates prepared in conjunction with the budget managers.
- The final Projected Annual Variance column shows the anticipated variance to revised budget at the end of the financial year.

## **2.0 2018/19 PROJECTED BUDGET OUTTURN**

The projected financial position as at 31 March 2019 is an overspend of £1,686k. This is £232k more than the planned overspend. However, the general reserve balance is £688k higher than was anticipated when the budget was set. This more than offsets the projected overspend.

### **2.1 Staff Costs – underspend of £62k**

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 £62k projected in staff costs with the main variances detailed in paragraphs 2.1.1 to 2.1.13 below:

#### **2.1.1 Board, Chief Officers & Senior Managers – overspend of £141k**

The projected overspend is mainly due to backfill for a seconded Service Manager. This is offset by a projected increase in secondees income (see 2.6.6). There is also a new post of Head of Professional Standards and Practice to which a displaced member of staff has recently been appointed.

Projected expenditure also includes savings from a flexible retirement in the Improvement Support Team which are being reinvested in the provision of specialist advice (see 2.1.3) and the interim arrangements to backfill the Chief Executive vacancy.

#### **2.1.2 Admin & Professional including Hired Agency Staff – underspend of £360k**

The budget allowed for agency staff to support the Business and Digital Transformation Project. Difficulties in recruitment and team changes have resulted in a projected underspend of £386k. To ensure continued momentum and knowledge transfer to the Care Inspectorate, PA Consulting's contract to support the project has been extended, with a projected increase in professional fees (see 2.3).

This projected underspend is partly offset with projected overspends totalling £26k. These are mainly due to budgeted slippage not yet being achieved at this stage of

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the financial year and an increase in Inspection Assistants to support the extension of the Career Pathways Project.

**2.1.3 Specialists – overspend of £75k**

Specialists include projected expenditure of £44k for a Senior Improvement Advisor to support the Technology Enabled Care (TEC) Programme from 1 July 2018 to 31 March 2019 and £14k for a temporary Out of Hours Project post. The TEC Programme is funded in full by Scottish Government (see 2.6.3) and the Out of Hours Project post is 50% funded from Health Improvement Scotland (see 2.6.7). There is also a projected increase in specialist support of £17k which is funded from the Senior Manager savings (see 2.1.1).

**2.1.4 Team Managers - overspend of £67k**

The projected overspend is due to budgeted slippage not being achieved and a temporary Team Manager being appointed to cover long term absence.

**2.1.5 Senior Inspectors – underspend of £12k**

Projected slippage is expected to be £12k greater than budgeted. This is due to a Senior Inspector post being vacant until later in the financial year and a Senior Inspector seconded temporarily to a Team Manager to cover long term absence.

**2.1.6 Inspectors & Locums – overspend £27k**

Scottish Government has asked the Care Inspectorate to support the first phase of the Scottish Study of Early Learning and Childcare (SSELC). It is estimated the additional Inspector costs will be £49k. This is funded in full and is offset by a corresponding increase in grant income (see 2.6.3).

The additional Inspector cost is partially offset by a projected underspend of £22k which is being used to offset the additional Inspection Assistants (see 2.1.2).

**2.1.7 Practitioner Inspectors – underspend of £15k**

The projected underspend is mainly due to a budgeted post not being filled this financial year.

**2.1.8 Grant Funded Posts - overspend of £196k**

The additional expenditure on grant funded posts is fully offset by additional grant income (see 2.6.3). CAPA 2 Programme funding was agreed on 27 September 2018. This overspend includes the projection for CAPA 2 Programme temporary posts.

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### 2.1.9 Strategic Inspectors – underspend of £131k

Staff vacancies have been greater than expected, with slippage projected to be £131k greater than budgeted.

### 2.1.10 Displaced Staff - underspend of £107k

A displaced Operational Support Manager has taken voluntary early retirement, and the displaced Development Officer and Senior OD Adviser have both been matched into Inspector posts. The National Care Standards Strategic Lead has also been successful in securing the new Head of Professional Standards and Practice post (see 2.1.1). The Senior OD Adviser is on secondment to the SSSC until June 2019 for which we receive corresponding income (see 2.6.6).

### 2.1.11 Secondees – as budgeted

Projected secondees costs are projected to be as budget.

### 2.1.12 Training & Development – as budgeted

Training and development expenditure is projected to be as budget.

### 2.1.13 Other Staff Costs – overspend of £57k

The projected increase in staff costs is due to an increase in expenditure for the Chief Executive recruitment (£33k), the final VER cost from the budget reduction measures identified to assist with the implementation of the revised organisational structure (£16k) and a projected increase in relocation fees (£8k).

## 2.2 Accommodation Costs – overspend of £169k

At the time the budget was set, the detail of some of the lease arrangements was unknown. We now have this breakdown with the relevant costs being posted to the correct budget heading. The projected underspend of £127k in rent and rates have a corresponding overspend in service charges which are reported in other running costs.

The additional overspend in other running costs is due to the Dundee office re-configuration which was delayed from 2017/18 now proceeding this year. The estimated cost of this is £169k.

## 2.3 Administration Costs – overspend of £411k

This overspend is due to the following:

- The Business and Digital Transformation Project budget was based on the team being fully staffed for the year. Difficulties in recruitment and team

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changes have resulted in the contract with PA Consulting being extended to maintain momentum and ensure adequate knowledge transfer to Care Inspectorate staff at end of their engagement. This has resulted in a projected increase of £479k in professional fees which is largely offset by a corresponding decrease in hired agency staff costs (see 2.1.2).

- A projected increase in digital and business transformation expenditure of £43k for Sharepoint & Office 365 deployment and information governance design.
- Administration costs relating to the recently agreed CAPA 2 Programme are projected to be £57k. This expenditure will be fully offset by grant income (see 2.6.3)
- Projected legal fees have increased by £13k.
- A projected increase of £10k in professional fees relates to a shared piece of work with the SSSC. This will be recharged to the SSSC and is offset by an increase in shared service income (see 2.6.4).

These projected overspends totalling £602k are partly offset by the following projected underspends:

- Expected savings of £133k in the re-let of the telecoms contract. This underspend has been used to fund additional equipment required for the ICT modernisation project (£113k) and ICT expenditure of £20k for goods which were expected to be delivered last financial year (see 2.5).
- A projected reduction of £31k in CAPA administration costs which will be used to fund additional CAPA staff and venue hire costs.
- A projected reduction of £18k in printing and publication costs. These savings are attributable to a reduction in printed materials being replaced with more tailored, sector specific e-newsletters.
- Improvement support projected expenditure includes a saving of £5k in professional fees to support a projected increase in CAPA programme expenditure.
- Other projected decreases in expenditure totalling £4k.

#### **2.4 Transport Costs – overspend £17k**

The projected overspend relates to travel costs for the CAPA 2 Programme. This will be fully funded by grant income (see 2.6.3).

#### **2.5 Supplies & Services Costs - overspend of £523k**

The projected overspend is due to the following:

- An element of the ICT Modernisation Project intended to be funded from the general reserve totalling £213k.
- Additional ICT expenditure of £128k which is to be mainly funded from the savings realised from the telecoms contract re-let.

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- The projected costs of the additional works required to ensure the SSSC retains telephony services via the Care Inspectorate network is £114k. This is fully funded by the SSSC and is therefore offset by a corresponding increase in shared service income (see 2.6.4).
- ICT equipment totalling £44k was purchased for the Business and Digital Transformation Project which is funded from the general reserve.
- Equipment totalling £20k which was expected to be delivered in 2017/18 (see 2.3).
- A projected increase in CAPA venue hire costs of £4k. This is contained within the overall CAPA grant allocation (see 2.6.3).

## **2.6 Income - £825k more than budgeted**

Projected income is £825k more than budgeted with the main variances being explained below.

### **2.6.1 Income from Fees - as budgeted**

Income from fees is expected to be as budget at this stage in the financial year.

### **2.6.2 Grant in aid – as budgeted**

Grant in aid is projected to be as budget. However, the Sponsor Department has indicated they may wish to delay payment of up to £350k of the Digital Transformation grant funding until 2019/20 to assist with management of the overall portfolio budget (further detail in section 8).

### **2.6.3 Grant Income £408k more than budgeted**

An additional £408k of grant income is projected for the year as follows:

- CAPA 2 funding (£210k)
- Child Inspection Improvement Programme Grant (2017/18 £70k)
- Scottish Study of Early Learning and Childcare Grant (£49k)
- Technology Enabled Care Programme funding (£48k)
- Early Learning and Childcare Quality Project (£31k)

### **2.6.4 Shared Services Income – £147k more than budgeted**

Projected income includes the recharge to the SSSC for the additional works required for SSSC telephony services (£114k) (see 2.5), additional ICT services (£36k) and professional fees related to a shared piece of work (£10k). This additional income totalling £160k is partially offset by a staff recharge reduction of £13k to reflect changes associated with the interim arrangements put in place to cover the Chief Executive vacancy on the Strategic Leadership and Finance services supplied to the SSSC.

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### 2.6.5 Lease Income – as budgeted

Income from lease arrangements is expected to be as budget.

### 2.6.6 Seconded Officers – £237k more than budgeted

Additional secondment income is expected from the following secondments:

- A Strategic Inspector seconded to Scottish Government's Realigning Children's Services Project (£6k)
- A Service Manager seconded to East Lothian Council (£112k). The seconded post is a higher grade than the Service Manager post. All cost are paid by the Care Inspectorate and recharged in full to East Lothian Council.
- A Senior OD Adviser seconded to the SSSC (£43k)
- The Projects, Performance & Planning Support Officer is seconded to Social Work Scotland (£36k).
- An Inspector secondment to Scottish Care (£26k)
- An Inspector secondment to Inspiring Scotland (£14k).

### 2.6.7 Miscellaneous Income – £33k more than budgeted

Additional income of £7k is projected for Healthcare Improvement Scotland's partial funding of a temporary Senior Improvement Advisor – Out of Hours Project post (see 2.1.3). There is also additional income of £25k for the sale of ipads which do not form part of the ICT modernisation programme and are being offered to staff to purchase. There are other small increases in income totalling £1k.

## 3.0 CARE ABOUT PHYSICAL ACTIVITY (CAPA) PROGRAMMES

During 2016/17 we received grant of £918k from the Scottish Government to fund the 'Care About Physical Activity' (CAPA) Programme. This funding was intended to fund the programme over three financial years. At the time the budget was agreed, it was expected that funding of £357k would be held in the general reserve for activity that will take place in 2018/19. The actual expenditure for 2017/18 was less than projected, and £359k of grant funding was carried forward in the general reserve for use during 2018/19.

The offer of grant to extend the CAPA Programme has been agreed, with funding totalling £750k awarded for the CAPA 2 Programme. This grant covers expenditure to be incurred over an 18 month period, beginning November 2018. Income and expenditure totalling £210k has been included in the projections in this report for the 2018/19 financial year.

Appendix 2 provides detailed spend for these programmes.

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#### **4.0 BUSINESS AND DIGITAL TRANSFORMATION**

The costs associated with Business and Digital Transformation is contained within the main income and expenditure projections (Appendix 1).

Digital transformation has attracted specific Scottish Government funding and therefore the budget position is considered within this section.

Appendix 3 details the Business and Digital Transformation budget position. Current projections show the project will be £199k overspent compared to the 2018/19 budgeted position.

However, the delay in receiving confirmation of funding from the Scottish Government meant that funding of £300k was received in 2017/18 but only £143k of expenditure was incurred.

This provides additional funding of £157k in the General Reserve balance intended to support the digital transformation work therefore over 2017/18 and 2018/19 the Digital Transformation programme is projected to overspend by £42k as at 31 March 2019. This will be funded from the additional General Reserve balance generated.

The Sponsor has indicated that due to the Care Inspectorate projecting a greater General Reserve balance as at 31 March 2019 than budgeted they may delay paying up to £350k of the agreed grant in aid to support the digital transformation programme until 2019/20.

#### **5.0 BUDGET VIREMENT**

Budget virement allows Budget Managers to amend budgets in the light of experience 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.

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**6.0 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. EG members will regularly discuss these budget issues with their appropriate Budget Manager.

<b>Budget Heading</b>	<b>Budget Issue</b>	<b>Potential Change to Projected Financial Positions</b>	<b>Responsible</b>
Staff Costs – salaries & wages	Projected staff costs are based on staff in post and known changes. It is probable that further savings will be realised during the year.	-	All
Staff Costs - training, courses & conferences	Whilst there is no budget variance currently projected, there has been a year on year underspend in staff training, courses and conferences.	-	Executive Director of Strategy and Improvement
Administration Costs – Telephony	Savings of £133k due to the migration to the new telecoms providers are included in the projection (see 2.3). However it is considered likely that these savings will increase.	-	Executive Director of Corporate and Customer Services
Administration Costs – Professional Fees	Projected professional fees are based on what we expect to complete by 31 March 2019 and contain very little contingency, particularly in respect of legal fees. There is	+	Executive Director of Corporate &

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	therefore a risk of this budget becoming further overspent.		Customer Services
Business and Digital Transformation and ICT Modernisation Project	There is uncertainty around the cost and timing of this work.	+/-	Executive Director of Corporate & Customer Services
Shared Service Income	The shared services arrangement with the SSSC includes an element of variable charging.	+ or -	Executive Director of Corporate & Customer Services
Value Added Tax (VAT)	We are currently undertaking work to investigate reclaiming historical VAT. It is likely that additional income will be received. This could be up to £100k.	(£100k)	Executive Director of Corporate & Customer Services
Grant in Aid	The Sponsor Department has indicated they may wish to delay payment of up to £350k of the Digital Transformation grant funding until 2019/20 to assist with management of the overall portfolio budget	£350k	Executive Director of Corporate & Customer Services



## 7.0 CAPITAL

The capital plan monitoring statement is attached as Appendix 4.

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

This is an area of uncertainty just now following the Scottish Government's decision to adjust our grant in aid provision for depreciation. Discussions are on-going with Health Finance to determine the impact on future investment in capital activities.

## 8.0 GENERAL RESERVE POSITION

The general reserve balance is intended to be used to fund the CAPA programme (budgeted £357k) and a budgeted overspend of £1,097k. The budget assumes the general reserve balance will have reduced to £547k which is 1.65% of gross controlled expenditure by 31 March 2019.

The actual position is the general reserve balance is £688k greater than anticipated when the budget was set due to the Compass House office re-configuration originally planned to be completed in late 2017/18 being postponed until 2018/19 and planned underspends to create additional funding for the Digital Transformation and ICT Modernisation projects. The projected overspend exceeds the budgeted overspend by £232k.

The net effect of this is funding of £456k is available to support the Business and Digital Transformation projects and investment in ICT infrastructure during 2018/19. Any surplus funding at the end of 2018/19 could be used to temporarily ease budget pressures in 2019/20. This will be subject to agreement with the Sponsor.

The Sponsor Department has indicated they may wish to delay payment of up to £350k of the Digital Transformation grant funding until 2019/20 to assist with management of the overall portfolio budget. Should this be agreed, the projected available funding will reduce from £456k to £106k.

The projected impact on the general reserve is as follows:

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	2018/19 Budgeted Position £000	Projected/Actual Position £000	Variance £000
Opening general reserve balance	2,001	2,689	(688)
To fund CAPA programme	(357)	(362)	5
Revised budget overspend	(1,097)	(1,324)	227
Total overspend	(1,454)	(1,686)	232
Uncommitted available funding		(456)	456
General reserve balance	547	547	0
% age of gross controlled expenditure	1.65%	1.65%	

## 9.0 RESOURCE IMPLICATIONS

There are no direct resource implications arising from this report.

## 10.0 CUSTOMER SERVICE IMPLICATIONS

As this report is for information purposes there are no direct customer service implications.

## 11.0 BENEFITS FOR PEOPLE WHO EXPERIENCE CARE

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.

## 12.0 CONCLUSION

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The budget monitoring position currently projects a net overspend of £232k against the budgeted position. However the opening general reserve balance is greater than was anticipated when the budget was set. Current projections suggest £456k of contingency funding is available to offset any unexpected costs associated with our major change programmes or alleviate some of the 2019/20 budget pressures that have been identified. This contingency funding is being reviewed by the Sponsor Department who may wish to delay paying up to £350k of grant in aid until 2019/20.

### **LIST OF APPENDICES**

- Appendix 1** - Care Inspectorate Revenue Budget Monitoring Statement for the Year to 31 March 2019
- Appendix 2** - CAPA and CAPA 2 Projected Expenditure and Funding for the Year to 31 March 2019.
- Appendix 3** - Business Transformation Funded Expenditure Position for the Year to 31 March 2019.
- Appendix 4** - Capital Expenditure for the Year to 31 March 2019.

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