

**POLICY AND RESOURCES COMMITTEE: 27 SEPTEMBER 2016**

**SUMMARY EXPENDITURE OUTTURN MONITORING REPORT  
FOR FINANCIAL YEAR 2015/16**

**REPORT BY CHIEF EXECUTIVE**

**1. PURPOSE OF REPORT**

- 1.1 To advise of the revenue outturn position across General Fund and Non-General Fund Service Areas for financial year 2015/16.

**2. RECOMMENDATIONS**

The Committee is invited to note:-

- 2.1 the revenue expenditure outturn statement in respect of the General Fund for financial year 2015/16, indicating:
- 2.1.1 a total General Fund overspend of £137,000; and
  - 2.1.2 a surplus in Sources of Funding of £137,000;
- 2.2 the revenue expenditure outturn statement for financial year 2015/16, indicating a net Non-General Fund overspend of £8,356,000;
- 2.3 the significant revenue budget variances across the individual Sources of Funding identified as Priority 1 Actions and detailed in Annex 2 to this report; and
- 2.4 the explanations given and actions proposed, in respect of the significant budget variances, referred to at paragraph 2.3 above, as outlined in the Budget Action Plan attached as Annex 3 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 12 February 2015, as part of the budget setting process for 2015/16, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2015/16.

## 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. This quarterly report replaces the need for monthly budget briefings 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 (1b); and
- 5.3.2 £50,000 more or less than Anticipated position (1c).
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these have been reported to every service committee accordingly.
- 5.5 In terms of this summary report, a statement of the General Fund Sources of Funding is given in Annex 2. 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 Annex 3.

## 6. **FINANCIAL SUMMARY**

- 6.1 Annex 1 provides the detailed position by Service Committee by Service Area across the General Fund. The table below provides a summary of the position across all Service Committees.

<b><u>General Fund</u></b>	<b>Actual Net Spend £000</b>	<b>Anticipated Net Spend £000</b>	<b>Over/Under Spend</b>		<b>Annual Net Budget £000</b>
<b>Service Committee</b>			<b>£000</b>	<b>%</b>	
Development and Infrastructure	18,918	18,918	0	100.0	18,918
Education, Leisure and Housing	36,008	35,105	903	102.6	35,105
Orkney Health and Care	18,186	17,695	491	102.8	17,695
Policy and Resources	9,229	10,486	-1,257	88.0	10,486
<b>Total Service Spending</b>	<b>82,341</b>	<b>82,204</b>	<b>137</b>	<b>100.2</b>	<b>82,204</b>

### Sources of Funding

Non-Domestic Rates	-9,490	-9,490	0	100.0	-9,490
Council Tax	-7,879	-7,742	-137	101.8	-7,742
Revenue Support Grant	-61,439	-61,439	0	100.0	-61,439
Movement in Reserves	-3,533	-3,533	0	100.0	-3,533
<b>Total Income</b>	<b>-82,341</b>	<b>-82,204</b>	<b>-137</b>	<b>100.2</b>	<b>-82,204</b>

### Net Service Spending

0

6.2 Non-General Fund spending is summarised in the table below:-

<u>Non-General Fund</u>	<b>Actual Net Spend £000</b>	<b>Anticipated Net Spend £000</b>	<b>Over/Under Spend £000</b>	<b>%</b>	<b>Annual Net Budget £000</b>
Development and Infrastructure	-3,997	-1,370	-2,627	291.8	-1,370
Education, Leisure and Housing	-371	0	-371	n/a	0
Investments Sub-committee	4,168	-7,186	11,354	n/a	-7,186
<b>Net Service Spending</b>	<b>-200</b>	<b>-8,556</b>	<b>8,727</b>	<b>2.3</b>	<b>-8,556</b>

## 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 On 9 December 2014, the Council agreed that powers be delegated to the Head of Finance to amend the budget to reflect any gross revenue grant redeterminations.

7.4 A General Fund Revenue Budget for 2015/16 of £81.749M was reported to the Policy and Resources Committee on 15 April 2015. Since that date, additional revenue grant of £0.455M has been received from the Scottish Government. In terms of the delegation referred to at section 7.3 above, the Head of Finance will amend the budget accordingly.

## 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: Summary Revenue Expenditure Outturn Statement for 2015/16
- 10.2 Annex 2: Revenue Income Statement for 2015/16
- 10.3 Annex 3: Budget Action Plan

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2015/16

<u>General Fund</u>	<b>Actual Net Spend £000</b>	<b>Anticipated Net Spend £000</b>	<b>Over/Under Spend</b>		<b>Annual Net Budget £000</b>
<b>Service Area</b>			<b>£000</b>	<b>%</b>	
Roads	3,737	3,815	-78	98.0	3,815
Transportation	9,748	9,581	167	101.7	9,581
Operational Environmental Services	2,292	2,308	-16	99.3	2,308
E/Health and Trading Standards	743	780	-37	95.3	780
Development	1,576	1,693	-117	93.1	1,693
Planning	822	741	81	110.9	741
<b>Development and Infrastructure</b>	<b>18,918</b>	<b>18,918</b>	<b>0</b>	<b>100.0</b>	<b>18,918</b>
Education	30,178	29,614	564	101.9	29,614
Leisure and Cultural Services	4,362	4,113	249	106.1	4,113
Other Housing	1,468	1,378	90	106.5	1,378
<b>Education, Leisure and Housing</b>	<b>36,008</b>	<b>35,105</b>	<b>903</b>	<b>102.6</b>	<b>35,105</b>
Social Care	18,186	17,695	491	102.8	17,695
<b>Orkney Health and Care</b>	<b>18,186</b>	<b>17,695</b>	<b>491</b>	<b>102.8</b>	<b>17,695</b>
Central Administration	0	0	0	n/a	0
Law, Order and Protective Services	130	109	21	119.3	109
Other Services	9,099	10,377	-1,278	87.7	10,377
<b>Policy and Resources</b>	<b>9,229</b>	<b>10,486</b>	<b>-1,257</b>	<b>88.0</b>	<b>10,486</b>
<b>Total Service Spending</b>	<b>82,341</b>	<b>82,204</b>	<b>137</b>	<b>100.2</b>	<b>82,204</b>
<b>Sources of Funding</b>					
Non-Domestic Rates	-9,490	-9,490	0	100.0	-9,490
Council Tax	-7,879	-7,742	-137	101.8	-7,742
Revenue Support Grant	-61,439	-61,439	0	100.0	-61,439
Movement in Reserves	-3,533	-3,533	0	100.0	-3,533
<b>Total Income</b>	<b>-82,341</b>	<b>-82,204</b>	<b>-137</b>	<b>100.2</b>	<b>-82,204</b>
<b>Net Service Spending</b>			<b>0</b>		

**Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2015/16**

	<b>Actual Net Spend £000</b>	<b>Anticipated Net Spend £000</b>	<b>Over/Under Spend £000</b>	<b>%</b>	<b>Annual Net Budget £000</b>
<b><u>Non-General Fund</u></b>					
Scapa Flow Oil Port	-3,872	-1,857	-2,015	208.5	-1,857
Miscellaneous Piers	-125	487	-612	n/a	487
<b>Development and Infrastructure</b>	<b>-3,997</b>	<b>-1,370</b>	<b>-2,627</b>	<b>291.8</b>	<b>-1,370</b>
Housing Revenue Account	-476	0	-476	n/a	0
Orkney College	105	0	105	n/a	0
<b>Education, Leisure and Housing</b>	<b>-371</b>	<b>0</b>	<b>-371</b>	<b>n/a</b>	<b>0</b>
Strategic Reserve Fund	4,168	-7,186	11,354	n/a	-7,186
<b>Investments Sub-committee</b>	<b>4,168</b>	<b>-7,186</b>	<b>11,354</b>	<b>n/a</b>	<b>-7,186</b>
<b>Net Service Spending</b>	<b>-200</b>	<b>-8,556</b>	<b>8,356</b>	<b>2.3</b>	<b>-8,556</b>

## Annex 2: Revenue Income Statement for Financial Year 2015/16

Sources of Funding	PA	Income	Budget	Over/Under		Annual
		£000	£000	Spend	%	Budget
				£000		£000
Non-Domestic Rates		-9,490	-9,490	0	100.0	-9,490
Council Tax	1c	-7,879	-7,742	-137	101.8	-7,742
Revenue Support Grant		-61,439	-61,439	0	100.0	-61,439
Use of Balances		-3,533	-3,533	0	100.0	-3,533
<b>Service Totals</b>		<b>-82,341</b>	<b>-82,204</b>	<b>-137</b>	<b>100.2</b>	<b>-82,204</b>

### **Budget Summary**

Original Net Budget	-81,749
Redetermination - 1 and 2 Languages	-28
Redetermination - Additional support for National Qualifications	-4
Allocation of Kinship Care Allowance Funds	-10
Redetermination - Teacher Induction Scheme	-215
Redetermination - Teacher Numbers	-82
Redetermination - Community Justice Transitional Funding	-50
Redetermination - Children and Young People	-29
Redetermination - Developing the Young Workforce	-37
<b>Revised Net Budget</b>	<b>-82,204</b>

**Annex 3: Budget Action Plan**

<b>Sources of Funding</b>				
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Status</b>
<b>SI1</b>	<p><b>Council Tax</b> Income surplus £137K</p> <p>There are now more chargeable dwellings so that expected income levels now exceed the budgeted level.</p>	<p>The 2016/17 budget was set at 99.0% of the Band D equivalent properties based on the position as at September 2015 as returned to the Scottish Government.</p>	G Waterson	