

Item: 4.2

Policy and Resources Committee: 18 February 2020.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 31 December 2019 across General and Non-General Fund service areas.

2. Recommendations

The Committee is invited to note:

2.1.

The summary revenue expenditure statement for the period 1 April to 31 December 2019, attached as Annex 1 to this report, indicating the following:

- A total General Fund underspend of £1,259,900.
- A surplus in Sources of Funding of £105,100.
- A net Non-General Fund surplus of £8,349,700.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 31 December 2019, including significant variances identified as Priority Actions, attached as Annex 2 to this report.

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.

3. Background

3.1.

On 5 March 2019, the Council set its overall revenue budget for financial year 2019 to 2020. On 23 April 2019, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

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:

- £10,000 and 10% more or less than Anticipated position (1B).
- £50,000 more or less than Anticipated position (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 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.

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 revenue expenditure summary statement is attached as Annex 1 to this report.

4.2.

The financial detail across individual Sources of Funding, including significant variances identified as Priority Actions, 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

Gareth Waterson, Head of Finance, extension 2103, Email gareth.waterson@orkney.gov.uk

9. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by Sources of Funding.

Annex 3: Budget Action Plan.

Annex 1: Revenue Expenditure Summary

General Fund Service Area	Spend £000	Budget £000	Over/(Under) Spend		Annual Budget £000
			£000	%	
Roads	2,038.1	1,079.0	959.1	188.9	3,059.2
Transportation	4,671.5	4,863.7	(192.2)	96.0	7,106.9
Operational Environmental Services	1,622.3	1,465.7	156.6	110.7	2,621.2
Environmental Health & Trading Standards	468.4	509.6	(41.2)	91.9	884.8
Development	1,483.0	1,580.3	(97.3)	93.8	2,000.3
Planning	455.9	676.9	(221.0)	67.4	990.2
Development & Infrastructure	10,739.2	10,175.2	564.0	105.5	16,662.6
Education	22,300.8	23,204.4	(903.6)	96.1	32,772.5
Leisure & Cultural Services	3,036.9	2,976.3	60.6	102.0	4,221.2
Other Housing	1,005.0	1,055.8	(50.8)	95.2	1,528.5
Education, Leisure & Housing	26,342.7	27,236.5	(893.8)	96.7	38,522.2
Social Care	14,880.1	14,819.1	61.0	100.4	19,756.8
Orkney Health & Care	14,880.1	14,819.1	61.0	100.4	19,756.8
Central Administration	6,928.2	6,936.9	(8.7)	99.9	4.3
Law, Order & Protective Services	37.6	58.6	(21.0)	64.2	115.7
Other Services	965.3	1,926.7	(961.4)	50.1	10,530.8
Policy & Resources	7,931.1	8,922.2	(991.1)	88.9	10,650.8
Total Service Spending	59,893.1	61,153.0	(1,259.9)	97.9	85,592.4
Sources of Funding					
Non-Domestic Rates	(8,045.4)	(8,045.1)	(0.3)	100.0	(10,459.0)
Council Tax	(7,431.7)	(7,324.4)	(107.3)	101.5	(9,495.7)
Revenue Support Grant	(44,477.2)	(44,475.4)	(1.8)	100.0	(58,958.0)
Movement in Reserves	(6,083.2)	(6,087.5)	4.3	99.9	(6,679.7)
Total Income	(66,037.5)	(65,932.4)	(105.1)	100.2	(85,592.4)
Net Service Spending	(6,144.4)	(4,779.4)	(1,365.0)	128.6	0.0

Annex 1: Revenue Expenditure Summary

<u>Non-General Fund</u>	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	8.5	209.2	(200.7)	4.1	0.0
Repairs & Maintenance	(912.2)	(962.7)	50.5	94.8	0.0
Asset Management Sub-Committee	(903.7)	(753.5)	(150.2)	119.9	0.0
Housing Revenue Account	(945.5)	(894.6)	(50.9)	105.7	0.0
Orkney College	369.1	175.9	193.2	209.8	0.0
Education, Leisure & Housing	(576.4)	(718.7)	142.3	80.2	0.0
Scapa Flow Oil Port	(2,231.5)	(2,194.3)	(37.2)	101.7	(1,310.9)
Miscellaneous Piers & Harbours	(2,857.4)	(2,345.1)	(512.3)	121.8	(1,030.2)
Harbour Authority Sub-Committee	(5,088.9)	(4,539.4)	(549.5)	112.1	(2,341.1)
Strategic Reserve Fund	(6,449.5)	1,342.8	(7,792.3)	-480.3	2,376.1
Investments Sub-Committee	(6,449.5)	1,342.8	(7,792.3)	-480.3	2,376.1
Net Service Spending	(13,018.5)	(4,668.8)	(8,349.7)	278.8	35.0

Annex 2: Financial Detail by Service Area

The following table shows the spending position by service function.

Source of Funding	PA	Spend	Budget	Over/(Under)	Spend	Annual Budget
		£000	£000	£000	%	£000
Non-Domestic Rates		(8,045.4)	(8,045.1)	(0.3)	100.0	(10,459.0)
Council Tax	1C	(7,431.7)	(7,324.4)	(107.3)	101.5	(9,495.7)
Revenue Support Grant		(44,477.2)	(44,475.4)	(1.8)	100.0	(58,958.0)
Movement in Reserves		(6,083.2)	(6,087.5)	4.3	99.9	(6,679.7)
Service Total		(66,037.5)	(65,932.4)	(105.1)	100.2	(85,592.4)

Changes in original budget position:

Original Net Budget						(84,154.9)
Teachers Pay Award				(141.7)		
Access to Free Sanitary Products Schools				(9.0)		
Brexit				(50.0)		
Teachers Pay Award				(552.3)		
Appropriate Adult				(2.0)		
Teachers Pensions Reduction in Budgets				176.0		
Rates Relief and Standardised Rates Bills				(20.0)		
Redeterminations						(599.0)
HR System Development				(52.1)		
Integra System Development				(45.1)		
Customer Services Platform - Phase 2				(81.2)		
Innovation Fund						(178.4)
Kirkwall Bid				(11.5)		
CDF Grant				(150.0)		
Digital Media				(39.2)		
Promote Orkney				(36.4)		
Business Gateway LGAP				(39.6)		
Economic Development Grants						(276.7)
Kirkwall THI				(41.3)		
Kirkwall THI Training				(5.2)		
Our Islands Our Future				(200.0)		
RRR Fund						(246.5)
Integrated Waste Facility Feasibility				(79.4)		
Roads Project Fund						(79.4)
North Isles Landscape Development				(36.3)		
Strategic Reserve Fund						(36.3)
WW1 Commemorations				(16.9)		
Recreation and Cultural Projects Fund						(16.9)
Office 365				(4.3)		
Repairs and Renewals Fund						(4.3)
Revised Net Budget						(85,592.4)

Annex 3: Budget Action Plan

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	Council Tax More than anticipated income by £107.3K Council tax collected to date is more than the amount budgeted for and anticipated to be a surplus by year end.	Monitor the situation Continue to monitor.	Gareth Waterson	31/03/2020	Ongoing