

## **Item: 6**

### **Asset Management Sub-committee: 31 August 2021.**

#### **Revenue Expenditure Monitoring.**

#### **Report by Interim Head of Finance.**

### **1. Purpose of Report**

To advise of the revenue position as at 30 June 2021 across each of the service areas for which the Sub-committee is responsible.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

The revenue financial summary statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 30 June 2021, attached as Annex 1 to this report, indicating a budget overspend position of £334,200.

#### **2.2.**

The revenue financial detail by service area statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 30 June 2021, attached as Annex 2 to this report.

The Sub-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 2 March 2021, the Council set its overall revenue budget for financial year 2021/22. On 20 April 2021, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2021/22, 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 Executive 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 30 June 2021 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**

Colin Kemp, Interim Head of Finance, Email [colin.kemp@orkney.gov.uk](mailto:colin.kemp@orkney.gov.uk).

## **9. Annexes**

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

**Annex 1: Financial Summary**

June 2021

The table below provides a summary of the position across all Service Areas.

<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Sundry Accounts	526.3	226.1	300.2	232.8	0.0
Repairs & Maintenance	347.3	313.3	34.0	110.9	2,097.4
<b>Service Totals</b>	<b>873.6</b>	<b>539.4</b>	<b>334.2</b>	<b>162.0</b>	<b>2,097.4</b>

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

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P02</b>	<b>P03</b>		
Sundry Accounts	3	2	5	40%
Repairs & Maintenance	2	1	2	50%
<b>Totals</b>	<b>5</b>	<b>3</b>	<b>7</b>	<b>43%</b>

## Annex 2: Financial Detail by Service Area

June 2021

The following tables show the spending position by service function

<b>Sundry Accounts</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Utilities Holding A/C	<b>1B</b>	309.8	(21.3)	331.1	N/A	0.0
Insurance Holding A/C		227.4	227.4	0.0	100.0	0.0
Telephones Holding A/C		0.0	2.5	(2.5)	0.0	0.0
Photocopiers Holding A/C		0.9	10.3	(9.4)	8.8	0.0
Postages Holding A/C	<b>1B</b>	(11.8)	7.2	(19.0)	N/A	0.0
<b>Service Total</b>		<b>526.3</b>	<b>226.1</b>	<b>300.2</b>	<b>232.8</b>	<b>0.0</b>

<b>Repairs &amp; Maintenance</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
R & M General Fund	<b>1B</b>	262.0	233.0	29.0	112.4	1,692.0
Ground Maintenance		85.3	80.3	5.0	106.2	405.4
<b>Service Total</b>		<b>347.3</b>	<b>313.3</b>	<b>34.0</b>	<b>110.9</b>	<b>2,097.4</b>

## Sundry Accounts

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R45C	<p><b>Utilities Holding A/C</b></p> <p>Less than anticipated income by £331.1K</p> <p>Recharging from the holding account to complete.</p>	<p><b>Raise journals request</b></p> <p>Once action complete this should come back onto budget.</p>	Hayley Green	31/08/2021	Ongoing
R45H	<p><b>Postages Holding A/C</b></p> <p>Less than anticipated expenditure by £19.0K</p> <p>Credit received due to overpaid funds on old franking machine. June 2021 postage top-up not invoiced yet.</p>	<p><b>No action required</b></p> <p>No action required.</p>	Karen Greaves	31/07/2021	Ongoing

## Repairs &amp; Maintenance

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R41A	<p><b>R &amp; M General Fund</b></p> <p>More than anticipated expenditure by £29.0K</p> <p>Budgets are managed as a whole, with flexibility to vire between accounts. We will continue to monitor, £12.5k remains to be recharged to clients, reducing the anticipated overspend to £12.6k.</p>	<p><b>Raise virements request</b></p> <p>This will be monitored and reviewed as the year progresses and actions taken to ensure that spend is contained within the budget.</p>	Hayley Green	31/07/2021	Ongoing