

Item: 14.3

Policy and Resources Committee: 23 September 2025.

Revenue Expenditure Outturn – Summary.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. Individual revenue expenditure monitoring 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. Annex 1 to this report combines the individual service revenue expenditure monitoring reports and summarises the position for the Council.
- 1.3. In terms of sources of funding, the income position at function level is attached as Annex 2, with an explanation of the causes of each material variance and corrective actions, attached at Annex 3.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Note the summary revenue expenditure monitoring statement for financial year 2024/25, attached as Annex 1 to this report, indicating the following:
 - A total General Fund overspend of £232,900.
 - A surplus in Sources of Funding of £233,200.
 - A net Non-General Fund deficit of £266,200.
 - ii. Note the sources of funding statement for financial year 2024/25, attached as Annex 2 to this report.
 - iii. Note 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.

For Further Information please contact:

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Implications of Report

- 1. Financial:** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
- 2. Legal:** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
- 3. Corporate Governance:** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the general levels of revenue expenditure incurred against approved budgets, across all service areas of the Council, is referred to the Policy and Resources Committee for scrutiny.
- 4. Human Resources:** N/A.
- 5. Equalities:** Equality Impact Assessment is not required for financial monitoring.
- 6. Island Communities Impact:** Island Communities Impact Assessment is not required for financial monitoring.
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - ☐ Growing our economy.
 - ☐ Strengthening our Communities.
 - ☐ Developing our Infrastructure.
 - ☐ Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - ☐ Cost of Living.
 - ☐ Sustainable Development.
 - ☐ Local Equality.
 - ☐ Improving Population Health.
- 9. Environmental and Climate Risk:** N/A.
- 10. Risk:** N/A.
- 11. Procurement:** N/A.
- 12. Health and Safety:** N/A.
- 13. Property and Assets:** N/A.
- 14. Information Technology:** N/A.
- 15. Cost of Living:** N/A.

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

| General Fund | Spend | Budget | Over/(Under) | Spend | Annual |
|--|--------------------|--------------------|---------------------|--------------|--------------------|
| Service Area | £000 | £000 | £000 | % | Budget |
| | | | | | £000 |
| Roads | 5,183.5 | 3,863.1 | 1,320.4 | 134.2 | 3,863.1 |
| Transportation | 7,564.4 | 7,564.8 | (0.4) | 100.0 | 7,564.8 |
| Operational Environmental Services | 3,599.7 | 3,247.3 | 352.4 | 110.9 | 3,247.3 |
| Environmental Health & Trading Standards | 1,140.2 | 1,149.7 | (9.5) | 99.2 | 1,149.7 |
| Development | 2,051.5 | 2,011.7 | 39.8 | 102.0 | 2,011.7 |
| Planning | 1,392.6 | 1,460.6 | (68.0) | 95.3 | 1,460.6 |
| Development & Infrastructure | 20,931.9 | 19,297.2 | 1,634.7 | 108.5 | 19,297.2 |
| Education | 48,888.0 | 48,447.7 | 440.3 | 101.0 | 48,447.7 |
| Leisure & Cultural Services | 5,190.2 | 5,319.4 | (129.2) | 97.6 | 5,319.4 |
| Other Housing | 1,700.6 | 2,369.4 | (668.8) | 72.0 | 2,369.4 |
| Education, Leisure & Housing | 55,778.8 | 56,136.5 | (357.7) | 99.4 | 56,136.5 |
| Social Care | 32,919.1 | 29,362.8 | 3,556.3 | 112.1 | 29,362.8 |
| Orkney Health & Care | 32,919.1 | 29,362.8 | 3,556.3 | 112.1 | 29,362.8 |
| Central Administration | (1,063.6) | (106.3) | (957.3) | 1,000.6 | (106.3) |
| Law, Order & Protective Services | 166.7 | 174.4 | (7.7) | 95.6 | 174.4 |
| Other Services | 7,885.9 | 11,521.3 | (3,635.4) | 68.4 | 11,521.3 |
| Policy & Resources | 6,989.0 | 11,589.4 | (4,600.4) | 60.3 | 11,589.4 |
| Total Service Spending | 116,618.8 | 116,385.9 | 232.9 | 100.2 | 116,049.2 |
| Sources of Funding | | | | | |
| Non-Domestic Rates | (12,176.0) | (12,176.0) | 0.0 | 100.0 | (12,176.0) |
| Council Tax | (12,461.3) | (12,228.0) | (233.3) | 101.9 | (12,228.0) |
| Revenue Support Grant | (72,194.0) | (72,194.1) | 0.1 | 100.0 | (72,194.1) |
| Movement in Reserves | (19,787.8) | (19,787.8) | 0.0 | 100.0 | (19,787.8) |
| Total Income | (116,619.1) | (116,385.9) | (233.2) | 100.2 | (116,385.9) |
| Net Service Spending | (0.3) | (0.0) | (0.3) | 0.0 | (336.7) |

| <u>Non-General Fund</u> | Spend | Budget | Over/(Under) | Spend | Annual |
|---|------------------|------------------|---------------------|--------------|------------------|
| Service Area | £000 | £000 | £000 | % | Budget |
| | | | | | £000 |
| Sundry Accounts | 8,065.2 | 6,417.6 | 1,667.6 | 133.5 | 6,417.6 |
| Repairs & Maintenance | 2,496.0 | 2,509.8 | (13.8) | 99.5 | 2,509.8 |
| Asset Management Sub-Committee | 10,561.2 | 8,927.4 | 1,653.8 | 118.3 | 8,927.4 |
| Housing Revenue Account | 221.1 | 0.0 | 221.1 | 0.0 | 0.0 |
| UHI Orkney | 860.2 | 0.0 | 860.2 | 0.0 | 0.0 |
| Education, Leisure & Housing | 1,081.3 | 0.0 | 1,081.3 | 0.0 | 0.0 |
| Scapa Flow Oil Port | (2,032.6) | (1,238.5) | (794.1) | 165.0 | (1,238.5) |
| Miscellaneous Piers & Harbours | (2,077.4) | (3,085.0) | 1,007.6 | 67.3 | (3,085.0) |
| Harbour Authority Sub-Committee | (4,110.0) | (4,323.5) | 213.5 | 95.1 | (4,323.5) |
| Strategic Reserve Fund | 14,557.1 | 17,219.5 | (2,662.4) | 84.5 | 17,219.5 |
| Investments Sub-Committee | 14,557.1 | 17,219.5 | (2,662.4) | 84.5 | 17,219.5 |
| <hr/> | | | | | |
| Net Service Spending | 22,089.6 | 21,823.4 | 266.2 | 101.2 | 21,823.4 |
| <hr/> | | | | | |

Annex 2: Financial Detail by Service Area

March 2025

The following table shows the spending position by service function

| Sources of Funding | PA | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
|-----------------------|-----------|--------------------|--------------------|----------------------|------------|--------------------------|
| Non-Domestic Rates | | (12,176.0) | (12,176.0) | 0.0 | 100.0 | (12,176.0) |
| Council Tax | 1C | (12,461.3) | (12,228.0) | (233.3) | 101.9 | (12,228.0) |
| Revenue Support Grant | | (72,194.0) | (72,194.1) | 0.1 | 100.0 | (72,194.1) |
| Movement in Reserves | | (19,787.8) | (19,787.8) | 0.0 | 100.0 | (19,787.8) |
| Service Total | | (116,619.1) | (116,385.9) | (233.2) | 100.2 | (116,385.9) |

Changes in original budget position:

| | |
|--|--------------------|
| Original Net Budget | (112,303.0) |
| Redetermination Ukraine Resettlement | (53.1) |
| Local Government Pay Offer 23/24 | (141.0) |
| Additional General Revenue Grant (£147m) | (565.0) |
| Additional General Revenue Grant (£62.7m) | (424.0) |
| Temp Accommodation Pressures | (15.0) |
| Additional Island Costs Crisis | (872.0) |
| Children's Social Care Pay Uplift | (59.0) |
| Employability Child Poverty Co-ordinator | (19.5) |
| No One Left Behind Approach to Employability | (53.0) |
| Island Costs Crisis Emergency Fund | (218.0) |
| Bridge Street from RRR Fund | (470.9) |
| Local Government Pay Offer 24/25 | (523.0) |
| Teachers Pay Increase | (139.0) |
| Teacher Pension Increase | (548.0) |
| Scottish Welfare Top Up | (4.4) |
| Teachers Numbers Redetermination | (634.0) |
| Reversal Employability Child Pov | 19.5 |
| Town Centre Regeneration Funding | (200.0) |
| Kirkwall Town Centre Budget Creation | 670.9 |
| Workforce Management Fund | 198.6 |
| Building Standards Hub | 7.0 |
| Education Psych. Refund | (2.0) |
| School Milk | (4.0) |
| Teacher Induction | (34.0) |
| | (116,385.9) |

Sources of Funding

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|---|----------------------------|--|--|
| R37C | Council Tax More than anticipated income by £233.3K | Erik Knight | The budget includes approximations, for number of band D properties, or second homes, for example. The budget also includes assumptions, for collection rates for example. The variance is a composite of second home revenues above anticipated levels, less collection rates being lower than historic levels. | Council tax collection rates continue to be monitored, and recovery processes are carried out routinely. A review of second and empty homes revenues will be undertaken. This will include the system reporting parameters to ensure figures are being accurately reported. |