Orkney Islands Council

Item: 19.1

Policy and Resources Committee: 22 September 2026.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Overview

1.1. This report presents the revenue financial summary position of expenditure incurred as at 30 June 2026, in respect of service areas for which the Policy and Resources Committee is responsible.

1.2. On 10 March 2026 the Council set its overall revenue budget for financial year 2026/27. On 16 June 2026, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2026/27, which form the basis of the individual revenue expenditure monitoring reports.

1.3. 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.

1.4. 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.

1.5. 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).

1.6. 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.

1.7. The details have been provided following consultation with the relevant Directors and their staff.

1.8. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

i. Note the revenue expenditure monitoring statement in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 30 June 2026, attached as Annex 1 to this report, indicating a budget underspend position of £331,600.
ii. Note the revenue financial service area statement in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 30 June 2026, 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:
Pat Robinson, Service Manager (Accounting), extension 2621, Email: pat.robinson@orkney.gov.uk

Implications of Report

1. **Financial:** The Financial Regulations state that 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 the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Committee is responsible, is referred to the Policy and Resources Committee.
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, 3 March 2026, Budget and Council Tax Level for 2026/27.
Policy and Resources Committee, 16 June 2026, Detailed Revenue Budgets.

Annexes

Annex 1: Financial Summary.
Annex 2: Financial Detail by Service Area.
Annex 3: Budget Action Plan.

Annex 1: Financial Summary **June 2026**

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

General Fund Service Area	Spend £000	Budget £000	Over/(Under) Spend £000	% 	Annual Budget £000
Central Administration	3,530.4	3,806.0	(275.6)	92.8	332.7
Law, Order & Protective Services	22.0	27.1	(5.1)	81.2	171.0
Other Services	734.1	785.0	(50.9)	93.5	12,493.4
	4,286.5	**4,618.1**	**(331.6)**	**92.8**	**12,997.1**
Service Totals	**4,286.5**	**4,618.1**	**(331.6)**	**92.8**	**12,997.1**

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

Service Area	No. of PAs P02	 P03	Service Functions	PAs/ Function
Central Administration	6	4	9	44%
Law, Order & Protective Services	0	0	1	0%
Other Services	7	5	17	29%
Totals	13	9	27	33%

Annex 2: Financial Detail by Service Area **June 2026**

The following tables show the spending position by service function

General Fund

Central Administration	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Chief Executive		297.2	297.5	(0.3)	99.9	0.0
Corporate Services	**1C**	898.8	987.4	(88.6)	91.0	319.5
Finance		717.1	693.9	23.2	103.3	0.0
Development & Infrastructure	**1B**	572.4	747.5	(175.1)	76.6	0.0
I.T. and Facilities		792.7	794.9	(2.2)	99.7	0.0
Corporate and Democratic Core	**1B**	5.8	20.3	(14.5)	28.6	0.0
Legal Services		155.3	161.0	(5.7)	96.5	0.0
Cleaning Holding Account	**1B**	91.1	103.5	(12.4)	88.0	0.0
Movement in Reserves		0.0	0.0	0.0	N/A	13.2
Service Total		**3,530.4**	**3,806.0**	**(275.6)**	**92.8**	**332.7**

Changes in original budget position

Original Net Budget	13.2
Apportionment Realignment	319.5
	332.7

Law, Order & Protective Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Civil Contingencies		22.0	27.1	(5.1)	81.2	171.0
Service Total		**22.0**	**27.1**	**(5.1)**	**81.2**	**171.0**

Other Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Corporate Management		147.7	153.1	(5.4)	96.5	4,596.5
Corporate Priorities		358.4	353.8	4.6	101.3	1,678.8
Area Support Team (CP)		5.5	4.6	0.9	119.6	21.6
Registration		6.1	10.0	(3.9)	61.0	66.3
Miscellaneous Property	**1B**	(7.0)	15.5	(22.5)	N/A	258.8
Payments to Joint Boards		0.0	0.0	0.0	N/A	603.1
Elections	**1B**	(34.5)	(22.8)	(11.7)	151.3	45.7
Licensing		4.7	13.2	(8.5)	35.6	6.2
Grants	**1B**	21.1	63.8	(42.7)	33.1	189.1
Publicity		1.6	0.0	1.6	N/A	0.0
Twinning	**1B**	4.0	(8.8)	12.8	N/A	0.0
Community Councils		142.0	144.0	(2.0)	98.6	517.5
Interest on Loans and Balances		(1.2)	0.0	(1.2)	N/A	(500.0)
Miscellaneous - OS		0.4	3.6	(3.2)	11.1	69.6
Movement in Reserves		0.0	0.0	0.0	N/A	749.9
Cost of Collection	**1B**	18.3	(4.0)	22.3	N/A	690.3
Finance Charges		67.0	59.0	8.0	113.6	3,500.0
Service Total		**734.1**	**785.0**	**(50.9)**	**93.5**	**12,493.4**

Changes in original budget position

Original Net Budget	12,813.1
NILPS – Budget Realignment	(0.2)
Apportionment Realignment	(319.5)
	12,493.4

Central Administration

Function	**Function Description/** Explanation	**Action Category/** Action Description	Responsible Officer	Deadline	Status
R10B	**Corporate Services** Less than anticipated expenditure by £88.6K. A mixture of under and overspends are present within this function area. The overspends relate to some budgets that have not yet been transferred to the relevant cost centre. Regarding staffing there are underspends due to vacancies and some adjustments of the structures (budgets moved but staffing payments need to be adjusted) not yet completed.	**Management input required** Head of Service to meet with Finance to discuss relevant service function budget structures. Budget Holders to engage with relevant services to ensure cost centres are correctly set-up and budgets applied. Vacancy now filled for Corporate Strategy which will avoid further underspend in that cost centre.	Alex Rodwell	30/09/2026	Ongoing
R10D	**Development & Infrastructure** Less than anticipated expenditure by £175.1K. Variances from budget in this Service Function due to vacancies spread across different cost centres.	**No action required** No budget action required - the budget is designed for 100% occupancy of posts and therefore any vacancy is likely to cause an underspend and trigger a Priority Action. There are no underlying recruitment issues.	Lorna Richardson	22/06/2026	Ongoing

Central Administration

Function	**Function Description/** Explanation	**Action Category/** Action Description	**Responsible Officer**	**Deadline**	**Status**
R10H	**Corporate and Democratic Core** Less than anticipated expenditure by £14.5K. Underspend is due to vacancies in the Corporate Policy Team which have since been filled.	**No action required** The underspend in the staffing budget reflects the period during which the posts were unfilled (April to June 2026). There will continue to be an underspend in the budget to reflect the period across which the posts had remained unfilled.	Gavin Mitchell	31/03/2027	Ongoing
R10O	**Cleaning Holding Account** Less than anticipated expenditure by £12.4K. Underspend due to staff vacancies within both Cleaning Labour and Cleaning Administration.	**Raise journals request** Building Cleaning staffing vacancies are being filled through recruitment. There will continue to be an underspend in the budget to reflect the period across which the posts had remained unfilled.	Alex Rodwell	30/09/2026	New

Other Services

Function	**Function Description/** Explanation	**Action Category/** Action Description	**Responsible Officer**	**Deadline**	**Status**
R39C	**Miscellaneous Property** Less than anticipated expenditure by £22.5K. This budget covers numerous properties, including those that may be declared surplus, on the market for sale or subject to other fluctuations. This can lead to variations in costs incurred depending on the circumstances of each, and therefore the costs through this budget are difficult to predict or profile.	**No action required** No action is required.	Kenny Macpherson	28/08/2026	Ongoing
R39F	**Elections** More than anticipated income by £11.7K. There was an error in the budget in that it omitted to include reference to the funding due to be received from the Scottish Government to administer the Scottish Parliamentary Election in May 2026.	**Raise virements request** The 2026/27 budget is being updated to reflect the correct budgetary position.	Gavin Mitchell	31/08/2026	Ongoing

Other Services

Function	**Function Description/** Explanation	**Action Category/** Action Description	Responsible Officer	Deadline	Status
R39H	**Grants** Less than anticipated expenditure by £42.7K. Two third sector Grant Funding Agreements are still being finalised which has delayed payment.	**Raise journals request** Two third sector grant funding agreements have now been finalised with invoices received and processed for payment. A journal has been completed to transfer this funding to this cost centre.	Alex Rodwell	31/07/2026	Ongoing
R39L	**Twinning** Less than anticipated income by £12.8K Common Good Fund annual allocation was budgeted to be applied to this cost centre by the end of June.	**No action required** Journal has now been processed for this allocation, no further action required.	Alex Rodwell	31/07/2026	Ongoing
R39X	**Cost of Collection** Less than anticipated income by £22.3K June month end journals not posted timeously.	**Raise journals request** Ensure journals are posted timeously to the correct accounting period.	Erik Knight	31/07/2026	Ongoing