

Item: 10

Enterprise and Infrastructure Committee: 8 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 Enterprise and Infrastructure Committee is responsible.
- 1.2. On 3 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 financial summary statement in respect of service areas for which the Enterprise and Infrastructure 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 £571,300.
- ii. Note the revenue financial service area statement in respect of service areas for which the Enterprise and Infrastructure 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:

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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 Enterprise and Infrastructure 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) £000	Spend %	Annual Budget £000
Roads	1,337.4	1,926.8	(589.4)	69.4	4,431.4
Transportation	6,752.0	6,506.4	245.6	103.8	33,569.8
Operational Environmental Services	122.1	211.4	(89.3)	57.8	3,486.4
Environmental Health & Trading Standards	226.9	237.6	(10.7)	95.5	1,310.6
Development	283.7	346.0	(62.3)	82.0	2,829.2
Planning	213.0	278.2	(65.2)	76.6	1,690.5
	8,935.1	9,506.4	(571.3)	94.0	47,317.9
Service Totals	8,935.1	9,506.4	(571.3)	94.0	47,317.9

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Roads	9	8	12	67%
Transportation	2	5	8	63%
Operational Environmental Services	6	4	6	67%
Environmental Health & Trading Standards	1	0	3	0%
Development	7	3	11	27%
Planning	3	2	6	33%
Totals	28	22	46	48%

Annex 2: Financial Detail by Service Area

June 2026

The following tables show the spending position by service function

General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Roads						£000
Winter Maintenance and Response	1B	25.3	312.0	(286.7)	8.1	1,278.6
Street Lighting	1B	25.8	58.6	(32.8)	44.0	260.3
Car Parks	1B	114.8	8.8	106.0	1,304.5	(39.3)
Other Works		33.4	26.9	6.5	124.2	135.0
Traffic Management	1B	(53.2)	205.1	(258.3)	N/A	321.5
Structural Maintenance	1B	359.5	604.5	(245.0)	59.5	1,736.6
Routine Maintenance	1B	266.4	224.7	41.7	118.6	1,015.0
Quarries Holding Account	1B	81.4	32.5	48.9	250.5	(500.0)
Roads Holding Account		497.1	483.5	13.6	102.8	0.0
Fleet Holding Account	1B	(14.2)	(36.1)	21.9	39.3	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	91.6
Miscellaneous - RD		1.1	6.3	(5.2)	17.5	132.1
Service Total		1,337.4	1,926.8	(589.4)	69.4	4,431.4

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Transportation						£000
Administration - TR		42.9	46.7	(3.8)	91.9	297.0
Co-ordination		21.5	14.0	7.5	153.6	86.6
Concessionary Fares	1B	74.5	56.1	18.4	132.8	320.5
Support for Operators - Buses	1B	83.2	216.1	(132.9)	38.5	1,500.1
Support for Operators - Air		294.1	295.5	(1.4)	99.5	1,772.8
Support for Operators - Ferries	1B	52.1	0.6	51.5	8,683.3	3.4
Airfields Operations	1B	239.3	199.8	39.5	119.8	712.4
Orkney Ferries	1C	5,944.4	5,677.6	266.8	104.7	28,877.0
Service Total		6,752.0	6,506.4	245.6	103.8	33,569.8

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Operational Environmental Services						£000
Burial Grounds	1B	27.6	40.9	(13.3)	67.5	104.4
Refuse Collection		(699.3)	(662.0)	(37.3)	105.6	699.7
Waste Disposal	1B	483.5	369.6	113.9	130.8	1,489.5
Recycling		163.8	175.2	(11.4)	93.5	675.3
Environmental Cleansing	1B	62.3	98.4	(36.1)	63.3	517.5
OES Holding Account	1B	84.2	189.3	(105.1)	44.5	0.0
Service Total		122.1	211.4	(89.3)	57.8	3,486.4

Environmental Health & Trading Standards £000	Spend PA	Budget £000	Over/(Under) £000	Spend £000	Annual Budget %
Administration - ES	123.4	134.9	(11.5)	91.5	839.3
Trading Standards	72.2	63.4	8.8	113.9	341.8
Public Toilets	31.3	39.3	(8.0)	79.6	129.5
Service Total	226.9	237.6	(10.7)	95.5	1,310.6

Development	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Heritage Development		206.4	207.5	(1.1)	99.5	191.7
Museums	1B	108.7	131.0	(22.3)	83.0	503.2
St Magnus Cathedral	1B	142.9	168.9	(26.0)	84.6	357.9
Administration - DV		179.5	173.8	5.7	103.3	1,013.8
Business Gateway		39.2	37.2	2.0	105.4	183.1
UK Shared Prosperity Fund		(8.4)	(8.9)	0.5	94.4	0.0
Community Led Local Development (CLLD) Regeneration		85.3	85.2	0.1	100.1	730.6
		(531.1)	(531.9)	0.8	99.8	0.0
Economic Development Grants		(81.9)	(83.1)	1.2	98.6	282.6
Other Economic Development Grants	1B	143.1	166.3	(23.2)	86.0	516.3
Movement in Reserves		0.0	0.0	0.0	0.0	(950.0)
Service Total		283.7	346.0	(62.3)	82.0	2,829.2

Planning	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - PL		31.2	37.0	(5.8)	84.3	457.8
Development Management		86.2	80.2	6.0	107.5	381.3
Development Planning	1B	158.4	134.3	24.1	117.9	671.0
Building Standards	1B	(74.5)	21.9	(96.4)	N/A	116.2
Archaeology		13.7	14.0	(0.3)	97.9	64.2
North Isles Landscape Partnership Scheme		(2.0)	(9.2)	7.2	21.7	0.0
Service Total		213.0	278.2	(65.2)	76.6	1,690.5

Changes in original budget position:

Original Net Budget	1,690.3
NILPS – Budget Realignment	0.2
	<u>1,690.5</u>

Roads

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R26A	Winter Maintenance and Response Less than anticipated expenditure by £286.7K Standing charges relating to fixed costs for labour and plant were profiled to be paid in P1 but this has not yet happened, so actual costs are less than anticipated.	Raise journals request Arrangements are being made for the billing of fixed costs which should be processed in the next few weeks.	Lorna Richardson	31/07/2026	Ongoing
R26C	Street Lighting Less than anticipated expenditure by £32.8K As this cost centre reflects work that is largely carried out on a reactive basis, actual costs fluctuate throughout the year making accurate profiling of this cost centre impossible. Very little work has taken place so far as there has been no need.	No action required Workload is monitored throughout the year to ensure that actual costs do not exceed budget but reprofiling every month so that actual matches budget is not possible, due to other operational demands.	Lorna Richardson	31/07/2026	Ongoing
R26D	Car Parks More than anticipated expenditure by £106.0K Costs for new EV chargers have been incurred, but the grant funding to cover these has not yet been received.	No action required The grant claim has been submitted and is being processed.	Lorna Richardson	30/09/2026	Ongoing

Roads

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R26F	Traffic Management Less than anticipated expenditure by £258.3K Various reasons, including delays in transferring fixed costs (noted in R26A), receipt of grant funding not yet spent and impossibility of predicting when external events will require support.	Monitor the situation Fixed costs will be transferred during this coming period as per R26A.	Lorna Richardson	31/07/2026	Ongoing
R26J	Structural Maintenance Less than anticipated expenditure by £245.0K Costs fluctuate for reactive works as it is impossible to accurately predict when these will be required. Planned work started slightly later than envisaged.	Monitor the situation These budgets are carefully monitored and work programmed / delayed as needed to ensure that year-end out-turn is in line with allocated budget. Reprofiting each cost centre every month to reflect actual spend is not always possible due to other demands on staff time.	Lorna Richardson	30/09/2026	Ongoing
R26K	Routine Maintenance More than anticipated expenditure by £41.7K Costs fluctuate throughout the year according to when reactive maintenance can be programmed in, taking capital works into consideration.	Monitor the situation Actual costs are monitored and work programmed / reprioritised accordingly as to ensure that year-end out-turn is in line with allocated budget.	Lorna Richardson	31/07/2026	Ongoing

Roads

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R26L	Quarries Holding Account More than anticipated expenditure by £48.9K Ageing plant in need of significant maintenance means that additional, unbudgeted, costs have been incurred.	Monitor the situation Plant requires maintenance in order to generate product which generates income. The team continue to work to ensure that products match the local market demand with a view to increasing income.	Lorna Richardson	30/09/2026	New
R26N	Fleet Holding Account Less than anticipated income by £21.9K Costs of parts higher than anticipated.	Monitor the situation Costs of replacement parts are difficult to predict and subject to market forces. Efforts continue to replace the ageing fleet leading to less required intervention.	Lorna Richardson	30/09/2026	Ongoing

Transportation

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R27C	Concessionary Fares More than anticipated expenditure by £18.4K Third Party Payments are ahead of anticipated budget at the end of June. This reflects the additional use of the service, in particular the £2 bus fare.	Raise virements request Process virement to bring budget back into line with actual expenditure to date, if necessary.	Gareth Waterson	31/08/2026	New
R27G	Support for Operators - Buses Less than anticipated expenditure by £132.9K Delay in receipt of invoices, with no invoices for public bus service contract for May and June received in the period. Normally received monthly in arrears which would reduce the variance by ~£100k.	Monitor the situation Continue to monitor and chase up suppliers where necessary. A virement may be required to reprofile budget if trend continues.	Gareth Waterson	30/09/2026	Ongoing
R27J	Support for Operators - Ferries More than anticipated expenditure by £51.5K Budget not yet created for the expenditure in this code relating to the Ferry Replacement Programme.	Raise virements request Process virement to create budget.	Gareth Waterson	31/08/2026	Ongoing

Transportation

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R27K	Airfields Operations More than anticipated expenditure by £39.5K Increase in Staff Costs relating to several new recruits at different airfields, therefore there has been an increased need for additional hours for training and compliance. In addition, aerodrome licence fees to the Civil Aviation Authority of £29.5K and insurance costs of £21.8K have been incurred in the first quarter.	Management input required Manage spend to ensure spend comes back in line with budget and process a virement from other areas within the Service to transfer budget to cover any overspends where necessary. Undertake virement, if necessary, to reprofile spend on annual payments.	Gareth Waterson	30/09/2026	New
R27L	Orkney Ferries More than anticipated expenditure by £266.8K Subsidy payments are out of line with the budget profile. Early payments include additional funding to allow the early payment of harbour dues.	Management input required Virement will be processed to realign the budget to ensure it matches the subsidy income schedule.	Gareth Waterson	30/09/2026	New

Operational Environmental Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R28B	Burial Grounds Less than anticipated expenditure by £13.3K Costs are erratic and generally difficult to profile whilst income from the sale of lairs and interment fees is impossible to predict.	Monitor the situation Costs/income will be monitored and expenditure managed accordingly.	Lorna Richardson	30/09/2026	Ongoing
R28E	Waste Disposal More than anticipated expenditure by £113.9K Costs of waste disposal ahead of profile.	Monitor the situation Invoicing from Shetland Islands Council is generally erratic and so impossible to predict when invoice will be received. Overall, the available budget is slightly less than actual costs as evidenced by year-end outturns.	Lorna Richardson	31/07/2026	Ongoing
R28G	Environmental Cleansing Less than anticipated expenditure by £36.1K Less work than anticipated has been carried out due to resource pressures and operatives being needed elsewhere.	Monitor the situation Operatives continue to be used where priority dictates, noting that any underspend in this area will be required to contribute to overspend in others.	Lorna Richardson	30/09/2026	Ongoing
R28K	OES Holding Account Less than anticipated expenditure by £105.1K Cost recovery is ahead of profile, noting that this anticipates a slow start to the year due to admin pressures.	No action required Actuals will catch up with profiled over the coming months.	Lorna Richardson	30/09/2026	Ongoing

Development

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17T	Museums Less than anticipated expenditure by £22.3K Underspend largely relates to timing of property costs being out of profile.	Raise virements request Amend profile to correct.	Sweyn Johnston	31/07/2026	Ongoing
R17U	St Magnus Cathedral Less than anticipated expenditure by £26.0K Rates payment not timed as profiled.	Raise virements request Raise virement to correct.	Sweyn Johnston	31/07/2026	New
R33K	Other Economic Development Less than anticipated expenditure by £23.2K Delay in processing BID payments.	Monitor the situation Expected to self-correct as payments are processed.	Sweyn Johnston	31/07/2026	Ongoing

Planning

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R34C	Development Planning More than anticipated expenditure by £24.1K Late payment of grant monies from Scottish Government and a contribution from Harbours towards planning work, which has now been received.	Raise journals request The budget holder is working to revise profiles in advance of the next reporting period.	Gavin Barr	30/09/2026	New
R34E	Building Standards Less than anticipated expenditure by £96.4K Majority relates to income carried over from 2025/26, which is for fees received in March for work which will be undertaken in 2026/27 financial year.	No action required Budget will cover the work which will be undertaken in the early part of this financial year. A virement will be processed if required to bring budget back in line.	Gavin Barr	30/06/2026	Ongoing