Item: 19.3

Policy and Resources Committee: 22 September 2026.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

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1. Overview

1.1. This report presents the revenue financial summary position of expenditure incurred across the Council as at 30 June 2026.

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. Annex 1 to this report combines the individual service revenue expenditure monitoring reports and summarises the position across the Council.

1.4. 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.

1.5. In response to members' requests regarding further detail in relation to spend on agency staff, Annex 4 provides a breakdown of spend across various General and Non-General Fund services for the period 1 April to 30 June 2026.

1.6. When the internal audit relating to the procedures and controls around the use of consultants was reported to the Monitoring and Audit Committee on 13 November 2025, one of the recommendations was that, in order to ensure clarity around the value of consultancy work across the Council, the quarterly revenue expenditure monitoring reports submitted to the Policy and Resources Committee should contain a section on consultancy spend. Annex 5 provides details on consultancy spend for the period 1 April to 30 June 2026.

2. Recommendations

2.1. It is recommended that members of the Committee:

i. Note the summary revenue expenditure monitoring statement for the period 1 April to 30 June 2026, attached as Annex 1 to this report, indicating the following:
   - A total General Fund underspend of £1,449,300.
   - A deficit in Sources of Funding of £599,100.
   - A net Non-General Fund surplus of £12,117,100.

ii. Note the sources of funding statement 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 relating to sources of funding, as outlined in the Budget Action Plan, attached as Annex 3 to this report.

iv. Note the expenditure in relation to agency staff for the period 1 April to 30 June 2026, attached as Annex 4 to this report.

v. Note the expenditure in relation to consultancy services for the period 1 April to 30 June 2026, attached as Annex 5 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 general levels of revenue expenditure incurred against approved budgets 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, 03 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 4: Agency Costs.
Annex 5: Consultants Costs.

Annex 1: Revenue Expenditure Summary **June 2026**

General Fund Service Area	Spend £000	Budget £000	Over/(Under) Spend £000	 %	Annual Budget £000
Education	11,763.0	12,725.4	(962.4)	92.4	53,095.6
Leisure Services	1,073.3	1,614.8	(541.5)	66.5	4,339.7
Other Housing	477.3	260.0	217.3	183.6	2,251.9
Education, Communities & Housing	**13,313.6**	**14,600.2**	**(1,286.6)**	**91.2**	**59,687.2**
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
Enterprise & Infrastructure Committee	**8,935.1**	**9,506.4**	**(571.3)**	**94.0**	**47,317.9**
Social Care	8,884.4	8,144.2	740.2	109.1	33,759.8
Orkney Health & Care	**8,884.4**	**8,144.2**	**740.2**	**109.1**	**33,759.8**
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
Policy & Resources	**4,286.5**	**4,618.1**	**(331.6)**	**92.8**	**12,997.1**
Total Service Spending	**35,419.6**	**36,868.9**	**(1,449.3)**	**96.1**	**153,762.0**
Sources of Funding					
Non-Domestic Rates	(3,456.0)	(3,456.0)	0.0	100.0	(14,090.0)
Council Tax	(1,750.8)	(2,349.9)	599.1	74.5	(14,279.0)
Revenue Support Grant	(25,889.6)	(25,889.6)	0.0	100.0	(105,835.0)
Movement in Reserves	(20,000.0)	(20,000.0)	0.0	100.0	(19,558.0)
Total Income	**(51,096.4)**	**(51,695.5)**	**599.1**	**98.8**	**(153,762.0)**
Net Service Spending	**(15,676.8)**	**(14,826.6)**	**(850.2)**	**105.7**	**0.0**

Annex 1: Revenue Expenditure Summary **June 2026**

Non-General Fund **Service Area**	**Spend** **£000**	**Budget** **£000**	**Over/(Under) Spend** **£000**	 **%**	**Annual Budget** **£000**
Sundry Accounts	53.3	45.4	7.9	117.4	0.0
Repairs & Maintenance	422.2	354.4	67.8	119.1	2,439.5
Asset Management Sub-Committee	**475.5**	**399.8**	**75.7**	**118.9**	**2,439.5**
Housing Revenue Account	1,393.4	1,322.1	71.3	105.4	(1,070.0)
UHI Orkney	(17.7)	(972.9)	955.2	1.8	0.0
Education, Communities & Housing	**1,375.7**	**349.2**	**1,026.5**	**394.0**	**(1,070.0)**
Scapa Flow Oil Port	(241.5)	(592.6)	351.1	40.8	(268.1)
Miscellaneous Piers & Harbours	(21.7)	184.4	(206.1)	(11.8)	(1,240.3)
Harbour Authority Sub-Committee	**(263.2)**	**(408.2)**	**145.0**	**64.5**	**(1,508.4)**
Strategic Reserve Fund	2,057.8	15,422.1	(13,364.3)	13.3	756.9
Investments Sub-Committee	**2,057.8**	**15,422.1**	**(13,364.3)**	**13.3**	**756.9**
Net Service Spending	**3,645.8**	**15,762.9**	**(12,117.1)**	**23.1**	**618.0**

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

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		(3,456.0)	(3,456.0)	0.0	100.0	(14,090.0)
Council Tax	**1B**	(1,750.8)	(2,349.9)	599.1	74.5	(14,279.0)
Revenue Support Grant		(25,889.6)	(25,889.6)	0.0	100.0	(105,835.0
Movement in Reserves		(20,000.0)	(20,000.0)	0.0	100.0	(19,558.0)
Service Total		**(51,096.4)**	**(51,695.5)**	**599.1**	98.8	**(153,762.0)**

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	**Council Tax** Less than anticipated income by £599.1K. The budget is showing a £600k variance, £417k of this is due to timing of month end processes which were processed on 7 July. The remaining variance reflects Council Tax receipts being behind profile as receipts are up 13% on same period in previous year; Council Tax levels increased by 6%.	**Raise virements request** Seek to reprofile receipts to match trends in recent years.	Erik Knight	31/07/2026	Ongoing

Agency Costs 2026.27

Annex 4

General Fund Service	Spend
	£000
Education	-
Leisure	4.8
Other Housing	0.6
Roads	-
Transportation	-
Operational, Environmental Services	-
Env Health & Trading Standards	1.5
Development	-
Planning	15.6
Social Care	1,492.6
Central Administration	-
Law, Order & Protective Services	-
Other Services	-
Sundry Accounts	-
Repairs and Maintenance	-
Non-General Fund Service	-
Housing Revenue Account	7.2
UHI Orkney	-
Scapa Flow Oil Port	-
Misc Piers & Harbours	-
Strategic Reserve Fund	-
Total	**1,522.3**

	Spend
	£000
Staffing	1,152.0
Accommodation	292.0
Travel	42.0
Other Costs	36.3
Total	**1,522.3**

Consultant Costs 2026.27

Annex 5

General Fund Service	**26.27**
	£000
Education	0.2
Leisure	1.7
Other Housing	8.7
Roads	11.3
Transportation	10.5
Operational, Environmental Services	6.2
Env Health & Trading Standards	-
Development	3.5
Planning	29.6
Social Care	20.9
Central Administration	51.1
Law, Order & Protective Services	-
Other Services *	66.9
Sundry Accounts	28.9
Repairs and Maintenance	-
Non-General Fund Service	
Housing Revenue Account	(2.3)
UHI Orkney	(0.6)
Scapa Flow Oil Port	8.4
Misc Piers & Harbours	113.3
Strategic Reserve Fund	17.5
Total	**375.8**

Costs could be higher if not coded to consultants subjective.

*This includes all the costs in relation to consultants for Capital Project Appraisals (CPA).