

Item: 3.3

Policy and Resources Committee: 20 February 2024.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 31 December 2023 across General and Non-General Fund service areas.

2. Recommendations

The Committee is invited to note:

2.1.

The summary revenue expenditure statement for the period 1 April to 31 December 2023, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £5,293,500.
- A surplus in Sources of Funding of £101,800.
- A net Non-General Fund deficit of £5,753,900.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 31 December 2023, including significant variances identified as Priority Actions, together with changes in the original overall budget position, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

2.3.

The explanations given and actions proposed in respect of significant budget variances across individual Sources of Funding, 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 7 March 2023, the Council set its overall revenue budget for financial year 2023/24. On 20 June 2023, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2023/24, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

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.

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 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 in respect of the overall General and Non-General Fund revenue budgets for the period 1 April to 31 December 2023 is attached as Annex 1 to this report. Individual Service Committees have scrutinised, in detail, the significant budget variances relating to their individual service areas.

4.2.

The financial detail across individual Sources of Funding, including significant variances identified as Priority Actions, 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. The Policy and Resources Committee is invited to scrutinise these in order to obtain assurance.

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

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9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Details by Sources of Funding.

Annex 3: Budget Action Plan.

Annex 1: Revenue Expenditure Summary

December 2023

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Roads	2,889.3	1,176.4	1,712.9	245.6	3,623.6
Transportation	6,382.2	6,273.2	109.0	101.7	3,498.0
Operational Environmental Services	1,917.9	1,732.1	185.8	110.7	3,115.2
Environmental Health & Trading Standards	649.5	629.0	20.5	103.3	1,075.9
Development	925.4	1,084.7	(159.3)	85.3	1,960.0
Planning	663.8	896.2	(232.4)	74.1	1,254.6
Development & Infrastructure	13,428.1	11,791.6	1,636.5	113.9	14,527.3
Education	30,685.1	30,023.0	662.1	102.2	43,227.1
Leisure & Cultural Services	4,187.5	4,020.2	167.3	104.2	5,404.3
Other Housing	1,138.3	1,245.9	(107.6)	91.4	2,145.2
Education, Leisure & Housing	36,010.9	35,289.1	721.8	102.0	50,776.6
Social Care	20,853.2	17,560.3	3,292.9	118.8	26,382.6
Orkney Health & Care	20,853.2	17,560.3	3,292.9	118.8	26,382.6
Central Administration	8,525.7	9,156.7	(631.0)	93.1	13.2
Law, Order & Protective Services	49.2	77.5	(28.3)	63.5	146.0
Other Services	1,628.1	1,326.5	301.6	122.7	11,731.8
Policy & Resources	10,203.0	10,560.7	(357.7)	96.6	11,891.0
Total Service Spending	80,495.2	75,201.7	5,293.5	107.0	103,577.5
Sources of Funding					
Non-Domestic Rates	(8,604.8)	(8,604.6)	(0.2)	100.0	(11,473.0)
Council Tax	(8,667.1)	(8,565.5)	(101.6)	101.2	(11,571.0)
Revenue Support Grant	(47,185.9)	(47,185.9)	0.0	100.0	(63,158.6)
Movement in Reserves	(15,625.6)	(15,625.6)	0.0	100.0	(17,224.9)
Total Income	(80,083.4)	(79,981.6)	(101.8)	100.1	(103,427.5)
Net Service Spending	411.8	(4,779.9)	5,191.7	(8.6)	150.0

Annex 1: Revenue Expenditure Summary

December 2023

Non-General Fund Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Sundry Accounts	291.1	268.9	22.2	108.3	0.0
Repairs & Maintenance	1,251.0	1,221.9	29.1	102.4	2,196.5
Asset Management Sub-Committee	1,542.1	1,490.8	51.3	103.4	2,196.5
Housing Revenue Account	(696.3)	(637.6)	(58.7)	109.2	0.0
Orkney College	240.3	(258.8)	499.1	(92.9)	0.0
Education, Leisure & Housing	(456.0)	(896.4)	440.4	50.9	0.0
Scapa Flow Oil Port	(660.8)	(1,715.7)	1,054.9	38.5	(181.0)
Miscellaneous Piers & Harbours	(1,722.7)	(1,638.0)	(84.7)	105.2	(1,690.0)
Harbour Authority Sub-Committee	(2,383.5)	(3,353.7)	970.2	71.1	(1,871.0)
Strategic Reserve Fund	(992.8)	(5,284.8)	4,292.0	18.8	(13,650.0)
Investments Sub-Committee	(992.8)	(5,284.8)	4,292.0	18.8	(13,650.0)
Net Service Spending	(2,290.2)	(8,044.1)	5,753.9	28.5	(13,324.5)

Annex 2: Financial Detail by Service Area

December 2023

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		(8,604.8)	(8,604.6)	(0.2)	100.0	(11,473.0)
Council Tax	1C	(8,667.1)	(8,565.5)	(101.6)	101.2	(11,571.0)
Revenue Support Grant		(47,185.9)	(47,185.9)	0.0	100.0	(63,158.6)
Movement in Reserves		(15,625.6)	(15,625.6)	0.0	100.0	(17,224.9)
Service Total		(80,083.4)	(79,981.6)	(101.8)	100.1	(103,427.5)

Changes in original budget position:

Original Net Budget	(100,777.6)
Marine Planning Partnership	(2.8)
Embedded Officer Post	(27.0)
ELC Furniture from R&R Fund	(154.5)
Tempt PT2 Post - KGS	(27.0)
Business Support Grant	(10.0)
Kickstart Scheme	(20.9)
Cost of Living Crisis	(22.2)
Temporary Budget - Summer of Play	(16.6)
SNCT Teachers Pay	(455.1)
Business Support Fund	(162.6)
Transport Infrastructure from R&R Fund	(9.9)
THAW Funding - Budget Creation	(40.0)
Redetermination - Pay Settlement	(282.9)
School Investment Programme	(881.4)
Covid Recovery Fund	(240.0)
Civica Sypduc Library Management System	(25.0)
Redetermination – Rapid Rehouse Transition Plans	(54.0)
Islands Cost Crisis Fund	(218.0)
	(103,427.5)

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	Council Tax More than anticipated income by £101.6K Prior year recovery rates are higher than budget due to increased effort on debt recovery.	No action required Continue to chase overdue debt.	Erik Knight	31/01/2024	New