Item: 18.3

Policy and Resources Committee: 22 September 2026.

Revenue Expenditure Outturn – Summary

Report by Head of Finance.

1. Overview

1.1. This report presents the revenue financial summary outturn position of expenditure incurred across the Council, for financial year 2025/26.

1.2. On 4 March 2025, the Council set its overall revenue budget for financial year 2025/26. On 17 June 2025, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2025/26, 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 for 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 previous three financial years.

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 previous three financial years.

2. Recommendations

2.1. It is recommended that members of the Committee:

i. Note the summary revenue expenditure monitoring statement for financial year 2025/26, attached as Annex 1 to this report, indicating the following:
   - A total General Fund overspend of £306,800.
   - A surplus in Sources of Funding of £306,600.
   - A net Non-General Fund surplus of £4,550,600.

ii. Note the sources of funding statement for financial year 2025/26, 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.

iv. Note the expenditure in relation to agency staff for financial years 2023/24, 2024/25 and 2025/26, attached as Annex 4 to this report.

v. Note the expenditure in relation to consultancy services for financial years 2023/24, 2024/25 and 2025/26, 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, 25 February 2025, Budget and Council Tax Level for 2025/26.
Policy and Resources Committee, 17 June 2025, 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.

General Fund	**Spend**	**Budget**	**Over/(Under) Spend**		**Annual Budget**
Service Area	**£000**	**£000**	**£000**	**%**	**£000**
Education	50,995.1	50,531.8	463.3	100.9	50,531.8
Leisure Services	4,424.7	4,362.9	61.8	101.4	4,362.9
Other Housing	1,871.8	2,313.9	(442.1)	80.9	2,313.9
Education, Communities & Housing	**57,291.6**	**57,208.6**	**83.0**	**100.1**	**57,208.6**
Roads	5,218.9	4,270.0	948.9	122.2	4,270.0
Transportation	33,446.9	33,405.9	41.0	100.1	33,405.9
Operational Environmental Services	3,480.0	3,321.7	158.3	104.8	3,321.7
Environmental Health & Trading Standards	1,172.6	1,232.5	(59.9)	95.1	1,232.5
Development	2,901.0	3,103.8	(202.8)	93.5	3,103.8
Planning	1,427.0	1,521.1	(94.1)	93.8	1,521.1
Enterprise & Infrastructure Committee	**47,646.4**	**46,855.0**	**791.4**	**101.7**	**46,855.0**
Social Care	33,400.9	31,374.9	2,026.0	106.5	31,374.9
Orkney Health & Care	**33,400.9**	**31,374.9**	**2,026.0**	**106.5**	**31,374.9**
Central Administration	(81.6)	917.1	(998.7)	N/A	917.1
Law, Order & Protective Services	116.6	152.7	(36.1)	76.4	152.7
Other Services	11,739.9	13,298.7	(1,558.8)	88.3	13,298.7
Policy & Resources	**11,774.9**	**14,368.5**	**(2,593.6)**	**81.9**	**14,368.5**
Total Service Spending	**150,113.8**	**149,807.0**	**306.8**	**100.2**	**149,807.0**
Sources of Funding					
Non-Domestic Rates	(11,759.0)	(11,759.0)	0.0	100.0	(11,759.0)
Council Tax	(14,384.1)	(13,674.0)	(710.1)	105.2	(13,674.0)
Revenue Support Grant	(105,898.0)	(105,898.0)	0.0	100.0	(105,898.0)
Movement in Reserves	(18,072.5)	(18,476.0)	403.5	97.8	(18,476.0)
Total Income	**(150,113.6)**	**(149,807.0)**	**(306.6)**	**100.2**	**(149,807.0)**
Net Service Spending	**0.2**	**0.0**	**0.2**	**0.0**	**0.0**

<u>Non-General Fund</u> **Service Area**	**Spend** **£000**	**Budget** **£000**	**Over/(Under)** **£000**	**Spend** **%**	**Annual Budget** **£000**
Sundry Accounts	6,928.5	6,547.6	380.9	105.8	6,547.6
Repairs & Maintenance	2,362.0	2,362.0	0.0	100.0	2,362.0
Asset Management Sub-Committee	**9,290.5**	**8,909.6**	**380.9**	**105.8**	**8,909.6**
Housing Revenue Account	(745.0)	(920.0)	175.0	81.0	(920.0)
UHI Orkney	622.2	0.0	622.2	0.0	0.0
Education, Communities & Housing	**(122.8)**	**(920.0)**	**797.2**	**13.3**	**(920.0)**
Scapa Flow Oil Port	(2,444.2)	(353.9)	(2,090.3)	690.6	(353.9)
Miscellaneous Piers & Harbours	(330.6)	(2,214.8)	1,884.2	14.9	(2,214.8)
Harbour Authority Sub-Committee	**(2,774.8)**	**(2,568.7)**	**(206.1)**	**108.0**	**(2,568.7)**
Strategic Reserve Fund	(6,844.9)	(1,322.3)	(5,522.6)	517.7	(1,322.3)
Investments Sub-Committee	**(6,844.9)**	**(1,322.3)**	**(5,522.6)**	**517.7**	**(1,322.3**
Net Service Spending	**(452.0)**	**4,098.6**	**(4,550.6)**	**(110.3)**	**4,098.6**

Annex 2: Financial Detail by Service Area **March 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		(11,759)	(11,759)	0	100	(11,759)
Council Tax	**1C**	(14,384)	(13,674)	(710)	105	(13,674)
Revenue Support Grant		(105,898)	(105,898)	0	100	(105,898)
Movement in Reserves	**1C**	(18,073)	(18,476)	404	97	(18,476)
Service Total		**(150,113)**	**(149,807)**	**(307)**	**100**	**(149,807)**

Changes in original budget position:

Original Net Budget	118,205
School Milk	4
Inter-Island Connectivity	28,991
Children’s Social Care Pay	51
No One Left Behind	53
Nature Restoration Fund	49
Pay and Employers National Insurance Contributions	1,721
Island Cost of Living	214
Ukraine and others, resettlement	58
SRA Kinship Care	6
Holiday activities for Disabled Children	2
Single-Use Vapes	1
Fairer Futures Partnerships: Adopt & Adapt Funding	69
Discretionary Housing Payments- Housing Emergency Action Plan	7
Discretionary Housing Payment Top Up	2
Rapid Rehousing Transition Top Up	20
Teacher induction scheme	37
Scottish Welfare Fund	13
Invest to Save	300
Electoral Registration Officers	4
	149,807

Sources of Funding

Service Function	Service Description	Responsible Officer	Variance Reason	Action Notes
R37C	**Council Tax** More than anticipated income by £710.1K.	Erik Knight	Analysis suggests the budget forecast for 2nd homes and empty property surcharge was overly prudent.	Carry out further analysis to confirm this understanding and integrate findings into future budget setting.
R37U	**Movement in Reserves** Less than anticipated income by £403.5K.	Erik Knight	The movement in reserves is lower than anticipated as the draw from the Workforce Management Fund for graduate trainees and apprentices was less than budgeted.	None.

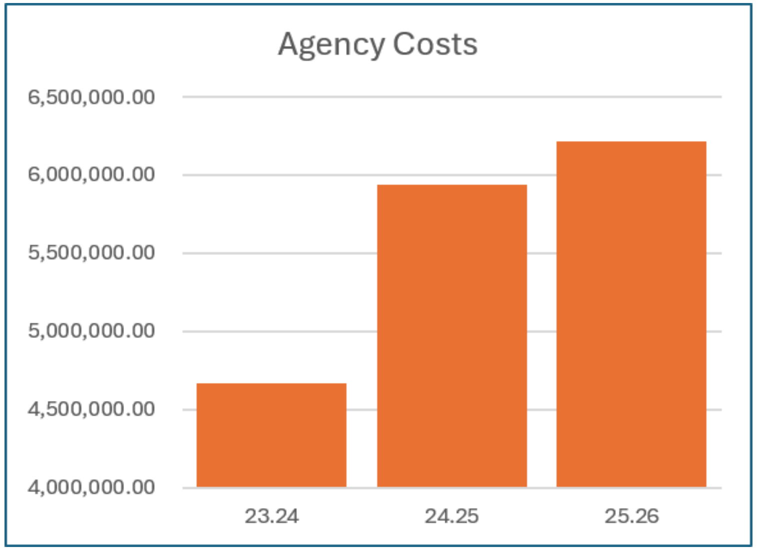
Agency Costs

Annex 4

General Fund Service	23.24	24.25	25.26
	£000	£000	£000
Education	1.7	-	-
Leisure	50.7	41.8	29.5
Other Housing	-	-	-
Roads	-	0.2	11.7
Transportation	-	-	-
Operational, Environmental Services	3.0	-	3.7
Env Health & Trading Standards	-	-	43.3
Development	-	-	1.1
Planning	39.1	64.6	74.2
Social Care	4,537.4	5,769.8	6,022.9
Central Administration	5.1	21.9	-
Law, Order & Protective Services	-	-	-
Other Services	-	-	-
Sundry Accounts	-	-	-
Repairs and Maintenance	-	-	-
Non-General Fund Service		-	-
Housing Revenue Account	25.1	30.2	25.6
UHI Orkney		-	-
Scapa Flow Oil Port	3.5	13.4	-
Misc Piers & Harbours	-1.1	-	-
Strategic Reserve Fund		-	-
Total	**4,664.5**	**5,941.9**	**6,212.0**

	23.24	24.25	25.26
	£000	£000	£000
Staffing	4,664.5	4,940.3	5,154.7
Accommodation	inc above	769.5	865.0
Travel	inc above	213.3	183.3
Other Costs	inc above	18.8	9.0
Total	**4,664.5**	**5,941.9**	**6,212.0**

*Costs only split down further in 24.25 onwards. Some costs also miscoded to other subjectives in 23.24 so overall costs might be higher for that year.



Consultant Costs

Annex 5

General Fund Service	23.24	24.25	25.26
	£000	£000	£000
Education	7.9	4.2	-
Leisure	41.6	12.4	-
Other Housing	-	10.3	58.8
Roads	63.0	1.0	2.9
Transportation	7.0	131.5	79.1
Operational, Environmental Services	-	29.5	6.4
Env Health & Trading Standards	5.9	-	-
Development	384.5	450.8	326.0
Planning	113.1	156.2	136.7
Social Care	65.6	80.5	78.1
Central Administration	108.3	156.1	237.7
Law, Order & Protective Services	-	-	-
Other Services *	51.3	105.5	189.7
Sundry Accounts	46.7	28.2	88.5
Repairs and Maintenance	1.0	-	-
Non-General Fund Service			
Housing Revenue Account		16.4	134.8
UHI Orkney	19.2	1.3	20.5
Scapa Flow Oil Port	224.4	73.2	18.6
Misc Piers & Harbours	736.5	483.8	652.7
Strategic Reserve Fund	327.0	725.6	223.6
Total	**2,203**	**2,466.1**	**2,254.1**

Costs could be higher if not coded to consultants subjective.

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