

Item: 4.1

Policy and Resources Committee: 26 November 2019.

Revenue Expenditure Monitoring.

Joint Report by Chief Executive, Executive Director of Corporate Services, Executive Director of Development and Infrastructure and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 September 2019 in respect of each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement in respect of the undernoted services for the period 1 April to 30 September 2019, attached as Annex 1 to this report, indicating an underspend position of £223,800:

- Central Administration.
- Law Order and Protective Services.
- Other Services.

2.2.

The revenue financial detail by Service Area statement for the period 1 April to 30 September 2019, attached as Annex 2 to this report.

2.3.

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.

3. Background

3.1.

On 5 March 2019, the Council set its overall revenue budget for financial year 2019 to 2020. On 23 April 2019, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month in order to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

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:

- £10,000 and 10% more or less than Anticipated position (1b).
- £50,000 more or less than Anticipated position (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 details have been provided following consultation with the relevant Executive Directors and their staff. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

3.7.

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 is attached as Annex 1 to this report.

4.2.

The details by Service Area statement 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.

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 Officers

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Gillian Morrison, Executive Director of Corporate Services, extension 2103, Email gillian.morrison@orkney.gov.uk

Gavin Barr, Executive Director of Development and Infrastructure, extension 2301, Email gavin.barr@orkney.gov.uk

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9. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

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

Service Area	Spend	Budget	Over/Under Spend		Annual Budget £000
	£000	£000	£000	%	
Central Administration	4,669.4	4,801.1	-131.7	97.3	0.0
Law, Order & Protective Services	32.1	38.0	-5.9	84.5	115.7
Other Services	1,238.5	1,324.7	-86.2	93.5	10,506.2
Service Totals	5,940.0	6,163.8	-223.8	96.4	10,621.9

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P05	P06		
Central Administration	4	3	8	38%
Law, Order & Protective Services	0	0	1	0%
Other Services	5	2	18	11%
Totals	9	5	27	18%

Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

Central Administration	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Chief Executive		1,186.4	1,148.6	37.8	103.3	0.0
Corporate Services		541.6	547.8	-6.2	98.9	0.0
Finance	1C	745.5	795.5	-50.0	93.7	0.0
Development & Infrastructure	1C	978.8	1,078.9	-100.1	90.7	0.0
I.T. and Facilities		970.1	947.3	22.8	102.4	-13.2
Legal Services	1B	209.7	239.4	-29.7	87.6	0.0
Cleaning Holding Account		37.3	43.6	-6.3	85.6	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	13.2
Service Total		4,669.4	4,801.1	-131.7	97.3	0.0

Law, Order & Protective Services	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Civil Contingencies		32.1	38.0	-5.9	84.5	115.7
Service Total		32.1	38.0	-5.9	84.5	115.7

Other Services	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Corporate Management		392.4	432.1	-39.7	90.8	3,158.2
Corporate Priorities		546.5	582.1	-35.6	93.9	2,133.7
Area Support Team (CP)		11.2	7.0	4.2	161.7	15.1
Registration		14.8	19.2	-4.4	76.9	59.1
Miscellaneous Property		-14.2	-9.5	-4.7	150.3	195.4
Payments to Joint Boards		18.5	18.5	0.0	100.1	406.3
Local Works and Services		1.2	0.0	1.2	0.0	0.0
Elections	1B	23.4	10.6	12.8	220.8	35.4
Licensing	1B	-28.4	-15.8	-12.6	179.8	27.5
Grants		66.5	71.9	-5.4	92.4	144.7
Publicity		13.8	13.9	-0.1	99.6	15.4
Twinning		-11.7	-5.8	-5.9	201.4	6.9
Community Councils		161.6	163.8	-2.2	98.6	408.8
Interest on Loans and Balances		0.0	0.0	0.0	0.0	-372.0
Miscellaneous - OS		30.0	30.8	-0.8	97.6	38.4
Movement in Reserves		0.0	0.0	0.0	0.0	422.3
Cost of Collection		-16.0	-19.1	3.1	83.8	407.3
Finance Charges		28.9	25.0	3.9	115.7	3,403.7
Service Total		1,238.5	1,324.7	-86.2	93.5	10,506.2

Changes in original budget position:

Original Net Budget	10,192.7
HR System Development from Innovation Fund	52.1
Integra System Development from Innovation Fund	45.1
Customer Services Platform - Phase 2 from Innovation Fund	81.2
RRR Fund - Our Islands Our Future	200.0
Redetermination - Access to Free Sanitary Products - Schools	9.0
Redetermination - Brexit	50.0
Contingency budget to Braeburn	-203.8
Teachers Pay Award	141.7
Kirkwall THI movement in apportioned costs budget	22.2
Additional Schools Investment Programme Contribution	-84.0
	10,506.2

Annex 3: Budget Action Plan

Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10C	<p>Finance</p> <p>Less than anticipated expenditure by £50.0K</p> <p>Underspend due to vacant posts.</p>	<p>Monitor the situation</p> <p>Revenues and Benefits Manager position now filled.</p>	Gareth Waterson	31/03/2020	Ongoing
R10D	<p>Development & Infrastructure</p> <p>Less than anticipated expenditure by £100.1K</p> <p>The property team has experienced staff absences which has led to a reduction in output and thus below spend profile.</p>	<p>Monitor the situation</p> <p>Underspend due to staff absences will persist.</p>	Gavin Barr	31/03/2020	Ongoing
R10I	<p>Legal Services</p> <p>Less than anticipated expenditure by £29.7K</p> <p>Temporary staff vacancy within Legal Services arising from a specific staffing situation which has made it more difficult to recruit. Separately, there is a current underspend within supplies and services.</p>	<p>Monitor the situation</p> <p>The temporary post has been re-advertised, and an appointment has been made with the successful candidate due to start in December 2019. The temporary underspend on supplies and services will be addressed during the remainder of the financial year.</p>	Gavin Mitchell	31/03/2020	Ongoing

Annex 3: Budget Action Plan

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R39F	<p>Elections</p> <p>More than anticipated expenditure by £12.8K</p> <p>Profiling needs to be adjusted.</p>	<p>Monitor the situation</p> <p>Amend profile to more accurately reflect anticipated income and expenditure.</p>	Karen Greaves	31/10/2019	Ongoing
R39G	<p>Licensing</p> <p>More than anticipated income by £12.6K</p> <p>Increased income attributable to a large number of applications for renewal of personal licences (which require to be renewed at intervals of 10 years) and increase in number of applications for taxi operator and taxi driver licences, including applications for 3-year periods which are more expensive than annual licences.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Gavin Mitchell	31/03/2020	Ongoing