

**Item: 11.1**

**Policy and Resources Committee: 17 February 2026.**

**Revenue Expenditure Monitoring.**

**Report by Head of Finance.**

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## **1. Overview**

- 1.1. 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.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Directors and their staff.
- 1.7. 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.

## 2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 31 December 2025, attached as Annex 1 to this report, indicating a budget underspend position of £888,600.
- ii. Note the revenue financial service area statement in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 31 December 2025, 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 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 1: Financial Summary****December 2025**

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

<b>General Fund</b>					
<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Central Administration	9,165.4	9,836.9	(671.5)	93.2	(59.3)
Law, Order & Protective Services	54.2	78.9	(24.7)	68.7	153.5
Other Services	714.7	907.1	(192.4)	78.8	12,694.9
	<b>9,934.3</b>	<b>10,822.9</b>	<b>(888.6)</b>	<b>91.8</b>	<b>12,789.1</b>
<b>Service Totals</b>	<b>9,934.3</b>	<b>10,822.9</b>	<b>(888.6)</b>	<b>91.8</b>	<b>12,789.1</b>

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

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P08</b>	<b>P09</b>		
Central Administration	6	6	8	75%
Law, Order & Protective Services	1	1	1	100%
Other Services	5	4	17	24%
<b>Totals</b>	<b>12</b>	<b>11</b>	<b>26</b>	<b>42%</b>

## Annex 2: Financial Detail by Service Area

December 2025

The following tables show the spending position by service function

### General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Central Administration						£000
Chief Executive	1B	1,181.0	1,316.9	(135.9)	89.7	0.0
Corporate Services	1C	2,167.0	2,320.3	(153.3)	93.4	0.0
Finance	1C	1,720.0	1,871.3	(151.3)	91.9	0.0
Development & Infrastructure	1C	1,945.8	2,124.2	(178.4)	91.6	0.0
I.T. and Facilities	1C	1,566.8	1,654.1	(87.3)	94.7	0.0
Legal Services		475.2	503.9	(28.7)	94.3	0.0
Cleaning Holding Account	1B	109.6	46.2	63.4	237.2	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	(59.3)
<b>Service Total</b>		<b>9,165.4</b>	<b>9,836.9</b>	<b>(671.5)</b>	<b>93.2</b>	<b>(59.3)</b>

### Changes in original budget position:

Original Net Budget	13.2
Islands Deal Adjustment	(72.5)
	<u>(59.3)</u>

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Law, Order & Protective Services						£000
Civil Contingencies	1B	54.2	78.9	(24.7)	68.7	153.5
<b>Service Total</b>		<b>54.2</b>	<b>78.9</b>	<b>(24.7)</b>	<b>68.7</b>	<b>153.5</b>

### Changes in original budget position:

Original Net Budget	183.1
Budget Transfer – Road Safety Education	(29.6)
	<u>153.5</u>

		<b>Spend</b>	<b>Budget</b>	<b>Over/(Under)</b>	<b>Spend</b>	<b>Annual</b>
<b>Other Services</b>	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
Corporate Management	<b>1B</b>	770.8	664.9	105.9	115.9	4,284.4
Corporate Priorities	<b>1B</b>	(124.3)	145.0	(269.3)	N/A	1,903.9
Area Support Team (CP)		10.6	14.7	(4.1)	72.1	20.7
Registration		33.5	29.3	4.2	114.3	63.8
Miscellaneous Property	<b>1B</b>	(16.7)	7.9	(24.6)	N/A	247.6
Payments to Joint Boards		576.3	575.5	0.8	100.1	575.5
Elections	<b>1B</b>	22.4	11.6	10.8	193.1	43.7
Licensing		(45.3)	(45.0)	(0.3)	N/A	5.7
Grants		162.3	168.6	(6.3)	96.3	205.3
Publicity		21.3	19.0	2.3	112.1	21.4
Twinning		5.0	(2.6)	7.6	N/A	0.0
Community Councils		255.5	271.7	(16.2)	94.0	523.3
Interest on Loans and Balances		(6.5)	0.0	(6.5)	N/A	(500.0)
Miscellaneous - OS		(1,065.9)	(1,060.8)	(5.1)	N/A	370.3
Movement in Reserves		0.0	0.0	0.0	N/A	763.4
Cost of Collection		7.1	(1.1)	8.2	N/A	665.9
Finance Charges		108.6	108.4	0.2	100.2	3,500.0
<b>Service Total</b>		<b>714.7</b>	<b>907.1</b>	<b>(192.4)</b>	<b>78.8</b>	<b>12,694.9</b>

**Changes in original budget position:**

Original Net Budget	12,353.3
Occupational Health Recharge	(0.1)
Islands Deal Adjustment	127.7
Islands Cost Crisis Emergency Fund	214.0
	<b>12,694.9</b>

## Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
<b>R10A</b>	<b>Chief Executive</b> Less than anticipated expenditure by £135.9K  This underspend is due to vacancies and turnover of staff within two services, Chief Executive – General and Communications.	<b>Management input required</b> Some vacancies are in the process of being, or have been, filled. The underspend from other vacancies is being considered as part of the recently approved management restructure and the next levels of implementation.	Alex Rodwell	31/03/2026	Ongoing
<b>R10B</b>	<b>Corporate Services</b> Less than anticipated expenditure by £153.3K  This underspend is due to vacancies and reduced costs for Occupational Health referrals.	<b>Management input required</b> The underspend due to these vacancies will be used to put the staffing structures in place that are required as part of the recently approved management restructure.	Alex Rodwell	31/03/2026	Ongoing
<b>R10C</b>	<b>Finance</b> Less than anticipated expenditure by £151.3K  Some staff vacancies, including secondment have led to underspend position. Other factors include one-off underspend in IT costs.	<b>No action required</b> Genuine underspends resulting from staff vacancies.	Erik Knight	31/03/2026	Ongoing

## Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
<b>R10D</b>	<p><b>Development &amp; Infrastructure</b></p> <p>Less than anticipated expenditure by £178.4K</p> <p>Variance in this Service Function chiefly arises from turnover and vacancies which in some cases have been through multiple cycles of recruitment without successful appointment. This nature of turnover places additional pressures on managers and officers to cover the workload.</p>	<p><b>Monitor the situation</b></p> <p>The situation will continue to be monitored and further work to recruit will be progressed.</p>	Kenny Macpherson	31/03/2026	Ongoing
<b>R10F</b>	<p><b>I.T. and Facilities</b></p> <p>Less than anticipated expenditure by £87.3K</p> <p>The main reason for the variance in this function relates to vacancies where offers have now been made following the recruitment process and will be filled subject to pre-employment checks which have now completed.</p>	<p><b>No action required</b></p> <p>This is being monitored.</p>	Kenny Macpherson	31/01/2026	Ongoing



## Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R100	<b>Cleaning Holding Account</b> More than anticipated expenditure by £63.4K  The most significant factor in the overspend is due to staff costs exceeding the budget to date. The Service are exploring this further and will take necessary action.	<b>Management input required</b> The service is reviewing the details of the overspend and action required to manage it.	Alex Rodwell	31/03/2026	Ongoing

## Law, Order &amp; Protective Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R23F	<b>Civil Contingencies</b> Less than anticipated expenditure by £24.7K  This underspend is due to turnover in the team. The vacant post has now been recruited to, and a start date has now been agreed.	<b>No action required</b>  No action required as the vacancy is due to be filled in the new financial year, but the underspend will persist until the start date.	Kenny Macpherson	05/05/2026	Ongoing

## Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10G	<b>Corporate Management</b> More than anticipated expenditure by £105.9K  The overspend is due to staff costs within one of the budget lines.	<b>Management input required</b> The Service is working with Finance to align the staffing budget for the relevant cost centre.	Alex Rodwell	31/03/2026	Ongoing

## Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10J	<p><b>Corporate Priorities</b></p> <p>Less than anticipated expenditure by £269.3K</p> <p>The primary reason for the underspend is due to staff vacancies within Improvement and Performance which have remained vacant and are being considered as part of the next stage of the approved management restructure.</p> <p>Within the World Heritage Site Programme cost centre, income has been received from Historic Environment Scotland but there was no budget set-up for this and there was a profiling issue within expenditure.</p> <p>Additionally, not all Trade Unions have allocated their full facility time which is causing an underspend against this cost centre.</p>	<p><b>Manage income/expenditure</b></p> <p>The budget from vacancies within Improvement and Performance will be allocated to various roles as part of the management restructure.</p> <p>Virements will be completed to allocate the budget to the various income and expenditure lines relating to the World Heritage Site Programme.</p> <p>The situation will be monitored for the Trade Union facility time.</p>	Alex Rodwell	31/03/2026	New

## Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
<b>R39C</b>	<p><b>Miscellaneous Property</b></p> <p>Less than anticipated expenditure by £24.6K</p> <p>This budget covers numerous properties, including those that may be declared surplus, on the market for sale or subject to other fluctuations. This can lead to variations in costs incurred considerably depending on the circumstances of each, and therefore the costs through this budget are difficult to predict or profile.</p>	<p><b>Monitor the situation</b></p> <p>Continue to monitor the actuals against budget and consider a re-alignment of this budget going forward, if required.</p>	Kenny Macpherson	31/03/2026	Ongoing
<b>R39F</b>	<p><b>Elections</b></p> <p>More than anticipated expenditure by £10.8K</p> <p>Awaiting reimbursement of election administration costs from the UK Government.</p>	<p><b>Monitor the situation</b></p> <p>The Council's Election Accounts have been submitted to the UK Government. It is anticipated that the Accounts will be approved and that the Council will receive payment before the end of the financial year.</p>	Gavin Mitchell	31/03/2026	New