

Item: 15.3

Policy and Resources Committee: 23 September 2025.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

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. Annex 1 to this report combines the individual service revenue expenditure monitoring reports and summarises the position for the Council.
- 1.3. 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.

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 2025, attached as Annex 1 to this report, indicating the following:
 - A total General Fund underspend of £8,695,600.
 - A deficit in Sources of Funding of £4,453,100.
 - A net Non-General Fund surplus of £3,565,400.
 - ii. Note the sources of funding statement for the period 1 April to 30 June 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 Corporate 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, on a quarterly basis, the general levels of revenue expenditure incurred against approved budgets, across all service areas of the Council, is referred to the Policy and Resources Committee for scrutiny.
- 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.

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Roads	1,094.1	1,910.2	(816.1)	57.3	4,132.8
Transportation	618.4	6,941.2	(6,322.8)	8.9	4,383.6
Operational Environmental Services	1,176.7	855.1	321.6	137.6	3,331.1
Environmental Health & Trading Standards	186.9	223.0	(36.1)	83.8	1,230.1
Development	(835.2)	72.0	(907.2)	(1,160.0)	1,905.6
Planning	10.9	274.6	(263.7)	4.0	1,566.8
Development & Infrastructure	2,251.8	10,276.1	(8,024.3)	21.9	16,550.0
Education	11,940.0	12,428.6	(488.6)	96.1	50,230.6
Leisure & Cultural Services	1,925.6	2,022.0	(96.4)	95.2	5,245.3
Other Housing	482.2	616.9	(134.7)	78.2	2,215.2
Education, Leisure & Housing	14,347.8	15,067.5	(719.7)	95.2	57,691.1
Social Care	7,884.4	7,442.0	442.4	105.9	31,414.3
Orkney Health & Care	7,884.4	7,442.0	442.4	105.9	31,414.3
Central Administration	3,443.8	3,755.1	(311.3)	91.7	13.2
Law, Order & Protective Services	9.2	30.2	(21.0)	30.5	183.1
Other Services	617.2	678.9	(61.7)	90.9	12,353.3
Policy & Resources	4,070.2	4,464.2	(394.0)	91.2	12,549.6
Total Service Spending	28,554.2	37,249.8	(8,695.6)	76.7	118,205.0
Sources of Funding					
Non-Domestic Rates	(2,939.8)	(2,884.2)	(55.6)	101.9	(11,759.0)
Council Tax	(1,370.1)	(2,150.6)	780.5	63.7	(13,674.0)
Revenue Support Grant	(22,838.7)	(35,262.5)	12,423.8	64.8	(74,296.0)
Movement in Reserves	(18,431.0)	(18,431.0)	0.0	100.0	(18,476.0)
Total Income	(45,579.6)	(58,728.3)	13,148.7	77.6	(118,205.0)
Net Service Spending	(17,025.4)	(21,478.5)	4,453.1	79.3	0.0

<u>Non-General Fund</u>	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	525.2	846.0	(320.8)	62.1	0.0
Repairs & Maintenance	438.6	347.5	91.1	126.2	2,375.5
Asset Management Sub-Committee	963.8	1,193.5	(229.7)	80.8	2,375.5
Housing Revenue Account	1,326.3	1,666.2	(339.9)	79.6	(920.0)
UHI Orkney	283.1	(937.0)	1,220.1	(30.2)	0.0
Education, Leisure & Housing	1,609.4	729.2	880.2	220.7	(920.0)
Scapa Flow Oil Port	(663.8)	(616.2)	(47.6)	107.7	(353.9)
Miscellaneous Piers & Harbours	473.6	2,541.7	(2,068.1)	18.6	(2,214.8)
Harbour Authority Sub-Committee	(190.2)	1,925.5	(2,115.7)	(9.9)	(2,568.7)
Strategic Reserve Fund	12,207.9	14,308.1	(2,100.2)	85.3	(1,322.3)
Investments Sub-Committee	12,207.9	14,308.1	(2,100.2)	85.3	(1,322.3)
Net Service Spending	14,590.9	18,156.3	(3,565.4)	80.4	(2,435.5)

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	1C	(2,939.8)	(2,884.2)	(55.6)	101.9	(11,759.0)
Council Tax	1B	(1,370.1)	(2,150.6)	780.5	63.7	(13,674.0)
Revenue Support Grant	1B	(22,838.7)	(35,262.5)	12,423.8	64.8	(74,296.0)
Movement in Reserves		(18,431.0)	(18,431.0)	0.0	100.0	(18,476.0)
Service Total		(45,579.6)	(58,728.3)	13,148.7	77.6	(118,205.0)

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37A	Non-Domestic Rates More than anticipated income by £55.5K Actual receipts not aligned to budget at end Q1.	Raise virements request Raise virement where required.	Erik Knight	31/07/2025	New
R37C	Council Tax Less than anticipated income by £780.5K Impact of brought forward accruals throwing out profiles.	Raise virements request Raise virements where necessary.	Erik Knight	31/07/2025	Ongoing
R37S	Revenue Support Grant Less than anticipated income by £12,423.8K Actual receipts not aligned to budget at Q1.	Process transaction(s) Raise virements where necessary.	Erik Knight	31/07/2025	New