

Item: 3

Asset Management Sub-committee: 30 January 2024.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 31 December 2023 across each of the service areas for which the Sub-committee is responsible.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The revenue financial summary statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 31 December 2023, attached as Annex 1 to this report, indicating a budget overspend position of £51,300.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 31 December 2023, attached as Annex 2 to this report.

The Sub-committee is invited to scrutinise:

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, 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 details have been provided following consultation with the relevant Corporate Directors and their staff.

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 for the period 1 April to 31 December 2023 is attached as Annex 1 to this report.

4.2.

The detail 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 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.

6.3.

The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets, for example depreciation and revaluations, current service cost of pensions and accumulated staff absences.

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 Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

December 2023

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

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
	1,542.1	1,490.8	51.3	103.4	2,196.5
Service Totals	1,542.1	1,490.8	51.3	103.4	2,196.5

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Sundry Accounts	4	2	5	40%
Repairs & Maintenance	1	2	2	100%
Totals	5	4	7	57%

Annex 2: Financial Detail by Service Area**December 2023**

The following tables show the spending position by service function

Non-General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
Sundry Accounts	PA	£000	£000	£000	%	Budget
Utilities Holding A/C	1B	269.1	223.0	46.1	120.7	0.0
Insurance Holding A/C		1.6	1.4	0.2	114.3	0.0
Telephones Holding A/C		0.2	0.8	(0.6)	25.0	0.0
Photocopiers Holding A/C	1B	12.0	37.2	(25.2)	32.3	0.0
Postages Holding A/C		8.2	6.5	1.7	126.2	0.0
Service Total		291.1	268.9	22.2	108.3	0.0

		Spend	Budget	Over/(Under)	Spend	Annual
Repairs & Maintenance	PA	£000	£000	£000	%	Budget
R & M General Fund	1C	838.6	905.0	(66.4)	92.7	1,780.0
Ground Maintenance	1B	412.4	316.9	95.5	130.1	416.5
Service Total		1,251.0	1,221.9	29.1	102.4	2,196.5

Sundry Accounts

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R45C	<p>Utilities Holding A/C</p> <p>More than anticipated expenditure by £46.1K</p> <p>Current overspend in the Holding A/C is due to timing issues, with journals to recharge costs to the Services only processed in January 2024.</p>	<p>Raise virements request</p> <p>We are investigating the fees and charges element of the budget to see if it is possible to develop a profile which better matches the timing of recharges.</p>	Kenny Macpherson	02/02/2024	Ongoing
R45G	<p>Photocopiers Holding A/C</p> <p>Less than anticipated expenditure by £25.2K</p> <p>Underspend due to reductions in costs and usage.</p>	<p>No action required</p> <p>No action required at the moment. The budget will be reviewed as part of the budget setting process for financial year 2024/25.</p>	Kenny Macpherson	29/03/2024	Ongoing

Repairs & Maintenance

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R41A	<p>R & M General Fund</p> <p>Less than anticipated expenditure by £66.4K</p> <p>Spend is lower than anticipated due to orders being curtailed. The R41 Repairs & Maintenance accounts are being managed to ensure there is capacity for reactive repairs as expenditure may exceed budget unless curtailed.</p>	<p>Monitor the situation</p> <p>The budgets are continuing to be monitored carefully to ensure they are in line with spend.</p>	Kenny Macpherson	29/03/2024	New
R41G	<p>Ground Maintenance</p> <p>More than anticipated expenditure by £95.5K</p> <p>The base budget for 2023/24 does not reflect the inflationary increases applied to the Ground maintenance contract.</p>	<p>Monitor the situation</p> <p>An unavoidable service pressure has been notified to Finance and will be considered as part of the budget setting process for 2024/25.</p>	Lorna Richardson	12/01/2024	Ongoing