

Item: 5

Orkney and Shetland Valuation Joint Board: 2 March 2023.

Revenue Expenditure Monitoring.

Report by Treasurer to the Board.

1. Purpose of Report

To advise of the revenue position of the Board as at 31 December 2022.

2. Recommendations

The Board is invited to note:

2.1.

The revenue financial summary statement, in respect of the Orkney and Shetland Valuation Joint Board, for the period 1 April to 31 December 2022, attached as Annex 1 to this report, indicating a budget deficit position of £17,100.

The Board is invited to scrutinise:

2.2.

The explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to this report, in order to obtain assurance that action is being taken with regard to significant budget variances.

3. Background

3.1.

On 3 March 2022, the Board set its overall revenue budget for financial year 2022/23, which forms the basis of the individual revenue expenditure monitoring reports.

3.2.

The Board is wholly funded by its constituent authorities: Orkney Islands Council and Shetland Islands Council.

3.3.

It is vital to the economic wellbeing of the constituent authorities that the Board manages its financial resources effectively and that expenditure and income are delivered in line with the budget, as any overspends will result in a further draw on the resources of the constituent authorities.

3.4.

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.

3.5.

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).

4. Financial Summary

4.1.

The financial summary for the period 1 April to 31 December 2022 is attached as Annex 1 to this report.

4.2.

The Budget Action Plan, attached as Annex 2 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified.

5. Financial Implications

The financial implications are detailed throughout the report.

6. Governance Aspects

The content and implications of this report have been reviewed and, at this stage, it is deemed that the Board **DOES NOT** require external legal advice in consideration of the recommendations of this report.

7. Contact Officer

Erik Knight, Treasurer to the Board, Email erik.knight@orkney.gov.uk.

8. Annexes

Annex 1: Financial Summary.

Annex 2: Budget Action Plan.

Annex 1: Financial Detail by Service Area**December 2022**

The following tables show the spending position by service function

Orkney & Shetland Valuation Joint Board		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Joint Costs		507.0	509.6	(2.6)	99.5	726.5
Barclay Review	1B	109.6	96.8	12.8	113.2	132.5
Shetland Costs		35.0	31.5	3.5	111.2	47.2
Orkney Costs		37.4	34.0	3.4	110.0	49.9
Requisition SIC		(476.7)	(476.7)	0.0	100.0	(476.7)
Requisition OIC		(479.4)	(479.4)	0.0	100.0	(479.4)
Service Total		(267.1)	(284.2)	17.1	94.0	0.0

Orkney & Shetland Valuation Joint Board

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R69B	Barclay Review More than anticipated expenditure by £12.8K Budget appears to be insufficient against the costs to date, the overspend is in staff costs which has come to our attention this month as back pay, and pay rises were processed in December.	Manage income/expenditure Initial budget to be reviewed for accuracy, and virements processed between cost centres if appropriate to do so.	Erik Knight	31/01/2023	New