Item: 6

Enterprise and Infrastructure Committee: 10 November 2026.

Revenue Expenditure Monitoring.

Report by Head of Finance.

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1. Overview

1.1. This report presents the revenue financial summary position of expenditure incurred, as at 30 September 2026, in respect of service areas for which the Enterprise and Infrastructure Committee is responsible.

1.2. On 10 March 2026, the Council set its overall revenue budget for financial year 2026/27. On 16 June 2026, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2026/27, which form the basis of the individual revenue expenditure monitoring reports.

1.3. 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.

1.4. 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.

1.5. 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).

1.6. 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.

1.7. The details have been provided following consultation with the relevant Directors and their staff.

1.8. 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 financial summary statement in respect of service areas for which the Enterprise and Infrastructure Committee is responsible, for the period 1 April to 30 September 2026, attached as Annex 1 to this report, indicating a budget overspend position of £109,100.
ii. Note the revenue financial service area statement in respect of service areas for which the Enterprise and Infrastructure Committee is responsible, for the period 1 April to 30 September 2026, 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 Enterprise and Infrastructure 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, 3 March 2026, Budget and Council Tax Level for 2026/27.
Policy and Resources Committee, 16 June 2026, Detailed Revenue Budgets.

Annexes

Annex 1: Financial Summary.
Annex 2: Financial Detail by Service Area.
Annex 3: Budget Action Plan.

Annex 1: Financial Summary **September 2026**

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

General Fund Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Roads	2,483.7	2,633.5	(149.8)	94.3	4,431.4
Transportation	13,407.7	13,199.4	208.3	101.6	33,547.4
Operational Environmental Services	1,435.9	1,149.0	286.9	125.0	3,486.4
Environmental Health & Trading Standards	488.2	510.8	(22.6)	95.6	1,310.6
Development	1,344.4	1,286.7	57.7	104.5	2,829.2
Planning	391.3	662.7	(271.4)	59.0	1,690.5
	19,551.2	**19,442.1**	**109.1**	**100.6**	**47,295.5**
Service Totals	**19,551.2**	**19,442.1**	**109.1**	**100.6**	**47,295.5**

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

Service Area	No. of PAs P05	No. of PAs P06	Service Functions	PAs/ Function
Roads	5	4	12	33%
Transportation	7	7	8	88%
Operational Environmental Services	4	5	6	83%
Environmental Health & Trading Standards	0	0	3	0%
Development	5	2	11	18%
Planning	3	5	6	83%
Totals	24	23	46	50%

Annex 2: Financial Detail by Service Area **September 2026**

The following tables show the spending position by service function

General Fund

Roads	**PA**	**Spend £000**	**Budget £000**	**Over/(Under) £000**	**Spend %**	**Annual Budget £000**
Winter Maintenance and Response		375.2	346.3	28.9	108.3	1,278.6
Street Lighting		70.6	75.1	(4.5)	94.0	260.3
Car Parks	**1B**	10.3	(52.6)	62.9	N/A	(39.3)
Other Works		43.4	45.2	(1.8)	96.0	135.0
Traffic Management		278.1	291.5	(13.4)	95.4	373.5
Structural Maintenance		991.6	1,011.9	(20.3)	98.0	1,671.6
Routine Maintenance		611.1	623.6	(12.5)	98.0	1,028.0
Quarries Holding Account	**1B**	210.8	(74.5)	285.3	N/A	(500.0)
Roads Holding Account	**1B**	(10.8)	366.5	(377.3)	N/A	0.0
Fleet Holding Account	**1B**	(102.3)	(14.9)	(87.4)	686.6	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	91.6
Miscellaneous - RD		5.7	15.4	(9.7)	37.0	132.1
Service Total		**2,483.7**	**2,633.5**	**(149.8)**	**94.3**	**4,431.4**

Transportation	**PA**	**Spend £000**	**Budget £000**	**Over/(Under) £000**	**Spend %**	**Annual Budget £000**
Administration - TR	**1B**	78.7	100.5	(21.8)	78.3	297.0
Co-ordination	**1B**	62.3	18.9	43.4	329.6	64.2
Concessionary Fares	**1B**	185.8	135.4	50.4	137.2	320.5
Support for Operators - Buses	**1B**	488.1	587.6	(99.5)	83.1	1,500.1
Support for Operators - Air		747.3	738.6	8.7	101.2	1,772.8
Support for Operators - Ferries	**1B**	244.4	1.4	243.0	17,457.1	3.4
Airfields Operations	**1B**	427.0	348.4	78.6	122.6	712.4
Orkney Ferries	**1C**	11,174.1	11,268.6	(94.5)	99.2	28,877.0
Service Total		**13,407.7**	**13,199.4**	**208.3**	**101.6**	**33,547.4**

Changes in original budget position:

Original Net Budget	33,569.8
Kirkwall Travel Centre	(22.4)
	33,547.4

Operational Environmental Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Burial Grounds		60.1	54.8	5.3	109.7	104.4
Refuse Collection	**1B**	(328.3)	(290.1)	(38.2)	113.2	699.7
Waste Disposal	**1B**	1,151.0	713.6	437.4	161.3	1,489.5
Recycling	**1B**	366.9	325.9	41.0	112.6	675.3
Environmental Cleansing	**1B**	167.1	222.8	(55.7)	75.0	517.5
OES Holding Account	**1B**	19.1	122.0	(102.9)	15.7	0.0
Service Total		**1,435.9**	**1,149.0**	**286.9**	**125.0**	**3,486.4**

Environmental Health & Trading Standards £000	Spend PA	Budget £000	Over/(Under) £000	Spend £000	Annual Budget %
Administration - ES	283.2	308.3	(25.1)	91.9	839.3
Trading Standards	133.1	136.1	(3.0)	97.8	341.8
Public Toilets	71.9	66.4	5.5	108.3	129.5
Service Total	**488.2**	**510.8**	**(22.6)**	**95.6**	**1,310.6**

Development	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Heritage Development		132.3	146.7	(14.4)	90.2	191.7
Museums		251.2	258.2	(7.0)	97.3	503.2
St Magnus Cathedral		195.2	202.5	(7.3)	96.4	357.9
Administration - DV		385.8	372.1	13.7	103.7	1,013.8
Business Gateway		84.9	82.8	2.1	102.5	183.1
UK Shared Prosperity Fund	**1B**	22.3	(7.2)	29.5	N/A	116.7
Community Led Local Development (CLLD)		344.7	335.7	9.0	102.7	730.6
Regeneration		(460.6)	(462.4)	1.8	99.6	0.0
Economic Development Grants	**1B**	14.8	1.2	13.6	1,233.3	282.6
Other Economic Development Grants		373.8	357.1	16.7	104.7	516.3
Movement in Reserves		0.0	0.0	0.0	0.0	(1,066.7)
Service Total		**1,344.4**	**1,286.7**	**57.7**	**104.5**	**2,829.2**

Planning	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - PL	**1B**	68.0	79.6	(11.6)	85.4	457.8
Development Management	**1B**	102.0	191.3	(89.3)	53.3	381.3
Development Planning	**1B**	251.7	315.4	(63.7)	79.8	671.0
Building Standards	**1B**	(90.4)	47.7	(138.1)	N/A	116.2
Archaeology		29.0	30.0	(1.0)	96.7	64.2
North Isles Landscape Partnership Scheme	**1B**	31.0	(1.3)	32.3	N/A	0.0
Service Total		**391.3**	**662.7**	**(271.4)**	**59.0**	**1,690.5**

Changes in original budget position:

Original Net Budget	1,690.3
NILPS – Budget Realignment	0.2
	1,690.5

Roads

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R26D	**Car Parks** Less than anticipated income by £62.9K Budget position is dependent on income which varies across the year. However, the position as at 30 September has been impacted by the cost of repairs and electricity for the EV chargers.	**No action required** Income from the car parks has never met budget expectations, resulting in this cost centre being overspent year on year despite a change in the income target being applied in 2025/26. Increasing car park charges will reduce usage, and hence income, and so the service attempts to set tariffs that represent a balance between income generation and encouraging usage.	Lorna Richardson	31/12/2026	Ongoing
R26L	**Quarries Holding Account** Less than anticipated income by £285.3K Ageing plant in need of significant maintenance means that additional, unbudgeted, costs have been incurred.	**Monitor the situation** Plans are being progressed for an overhaul of plant and machinery using additional capital grant funding provided to the Council. The team continue to work to ensure that products match the local market demand with a view to increasing income.	Lorna Richardson	31/12/2026	Ongoing
R26M	**Roads Holding Account** Less than anticipated expenditure by £377.3K Quarry purchases are now being charged directly to the relevant cost centres rather than being processed through this function area.	**Management input required** A review of how costs are transferred will take place to determine what budget reprofiling may be required.	Lorna Richardson	31/12/2026	Ongoing

Roads

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R26N	**Fleet Holding Account** More than anticipated income by £87.4K Income is ahead of expectations as the garage team has increased in size and more work can be done (and invoiced) than in the past.	**Monitor the situation** No action at this time, noting that income is dependent on work carried out and work continues to replace the aging fleet and improve resilience.	Lorna Richardson	31/12/2026	Ongoing

Transportation

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R27A	**Administration - TR** Less than anticipated expenditure by £21.8K Underspend within staff costs due to vacancy.	**No action required** No action required as expected to appoint to the vacancy in October.	Gareth Waterson	30/10/2026	Ongoing
R27B	**Co-ordination** More than anticipated expenditure by £43.4K Property costs are ahead of the budget profile, and this is mainly due to an increase in rates paid on the Bus Station, and associated facilities.	**Raise virements request** Virement will be processed to realign the budget with actual expenditure.	Gareth Waterson	30/10/2026	Ongoing
R27C	**Concessionary Fares** More than anticipated expenditure by £50.4K Due to an ageing population, and the introduction of the under 22 travel scheme, the uptake of the local concessionary travel scheme is increasing and therefore it is likely that the actual spend will be higher than the full year budget.	**Monitor the situation** Will continue to monitor. Concessionary fares to be considered under wider fare review/ islander discount proposals.	Gareth Waterson	31/12/2026	Ongoing

Transportation

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R27G	**Support for Operators - Buses** Less than anticipated expenditure by £99.5K Income from bus fares continues to be higher than anticipated as bus passenger figures continue to rise. Bus passenger income is credited to the Sustainable and Green Transport Fund.	**No action required** The extra income in the Sustainable and Green Transport Fund is welcome, and this fund is used to run transport initiatives and support other budgets where required, such as the runway maintenance programme.	Gareth Waterson	31/12/2026	Ongoing
R27J	**Support for Operators - Ferries** More than anticipated expenditure by £243.0K Budget not yet created for the expenditure in this code relating to the Ferry Replacement Programme.	**Raise virements request** Process virement to create budget.	Gareth Waterson	31/12/2026	Ongoing

Transportation

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R27K	**Airfields Operations** More than anticipated expenditure by £78.6K Increase in staff costs relating to several new recruits at different airfields, therefore there has been an increased need for additional hours for training and compliance. In addition, aerodrome licence fees to the Civil Aviation Authority of £29.5K and insurance costs of £21.8K have been incurred in the first half of the financial year.	**Management input required** Manage future expenditure to bring actuals more in line with the annual budget and process a virement from other areas within the Service to transfer budget to cover any overspends where necessary. Undertake virement, if necessary, to reprofile spend on annual payments.	Gareth Waterson	31/12/2026	Ongoing
R27L	**Orkney Ferries** Less than anticipated expenditure by £94.5K The underspend position is primarily attributable to the following factors: refund received from SSEN, Ferry Replacement Programme recharge income, and seasonal positions being recruited through Orkney Ferries rather than OIC for operational reasons.	**No action required** No action required.	Gareth Waterson	30/10/2026	Ongoing

Operational Environmental Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R28C	**Refuse Collection** More than anticipated income by £38.2K Income ahead of prediction due to increased uptake in commercial waste services.	**Monitor the situation** There may be a need to re-baseline income expectations, as a result of the increase in commercial customers. This will be monitored and reviewed by the service, noting that income from commercial waste services is designed to cover the actual cost of providing the service.	Lorna Richardson	31/12/2026	Ongoing
R28E	**Waste Disposal** More than anticipated expenditure by £437.4K Costs of waste disposal are higher than available budget, due to increases in plant and labour costs. Income from recyclates is variable and difficult to profile.	**Monitor the situation** The Council has no control over the amount of waste generated and which then needs to be processed, transported and disposed of. Increased costs relating to all aspects of this mean that this function area is under immense pressure. The service continues to look for opportunities for increasing recycling rates, as income from these can help to offset transportation costs, and for other efficiencies in service delivery.	Lorna Richardson	31/03/2027	Ongoing
R28F	**Recycling** More than anticipated expenditure by £41.0K Repair costs for essential vehicle and plant have been higher than anticipated.	**Monitor the situation** Work is ongoing to improve the fleet and create greater resilience however this will inevitably take several years. In the interim strengthened processes around management and maintenance of vehicles are in place.	Lorna Richardson	31/12/2026	New

Operational Environmental Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R28G	**Environmental Cleansing** Less than anticipated expenditure by £55.7K Less work than anticipated has been carried out due to resource pressures and operatives being needed elsewhere.	**Monitor the situation** Operatives continue to be used where priority dictates, noting that any underspend in this area will be required to contribute in overspend in others.	Lorna Richardson	31/12/2026	Ongoing
R28K	**OES Holding Account** Less than anticipated expenditure by £102.9K Cost recovery is ahead of profile.	**Monitor the situation** Actual cost recovery should align with the income profile over the coming months, however, a review of charge rates will also be carried out, to ensure that they are set at the appropriate level.	Lorna Richardson	31/12/2026	Ongoing

Development

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R33C	**UK Shared Prosperity Fund** Less than anticipated income by £29.5K Crown Estate monies require to be transferred into the UKSPF cost centre to meet staff costs as agreed by Council.	**Raise journals request** Raise journal to set up transfer between cost centres.	Sweyn Johnston	30/10/2026	Ongoing
R33J	**Economic Development Grants** More than anticipated expenditure by £13.6K Grant claims paid to date is ahead of the anticipated budget.	**Raise virements request** Process virement to realign the budget with actual spend incurred.	Sweyn Johnston	30/10/2026	Ongoing

Planning

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R34A	**Administration - PL** Less than anticipated expenditure by £11.6K The underspend here relates to a staff vacancy, which is now pending a decision in recruitment as part of the Corporate Admin review.	**No action required** No action required in the meantime.	Gavin Barr	31/12/2026	Ongoing
R34B	**Development Management** Less than anticipated expenditure by £89.3K Substantial application fee received during the quarter. We are also due to incur expenditure over the next 2-3 months which should return spend closer to the anticipated profile.	**Monitor the situation** Variance should correct itself as spend is required on consultants etc. in the coming months. We are also currently engaging with Finance to review historic profiles to see if it is possible to forecast profiling more accurately.	Gavin Barr	31/12/2026	Ongoing
R34C	**Development Planning** More than anticipated income by £63.7K Income received from Scottish Government in relation to Marine Planning is ahead of the anticipated budget profile.	**Raise virement request** Virement will be processed to realign budget with actual income and expenditure.	Gavin Barr	30/10/2026	New

Planning

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R34E	**Building Standards** Less than anticipated expenditure by £138.1K Fee income continues to be healthy and ahead of profile. It is expected that the budget profile will pick up as financial year continues.	**Monitor the situation** Engagement with Finance is currently taking place regarding setting more realistic budget profiling.	Gavin Barr	31/12/2026	Ongoing
R34M	**North Isles Landscape Partnership** More than anticipated expenditure by £32.3K Grant claims paid to date is ahead of the anticipated budget profile.	**Raise virements request** Process virement to realign the budget with actual spend incurred to date.	Sweyn Johnston	30/10/2026	New