

Item: 5.1

Policy and Resources Committee: 19 September 2023.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2023 across each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement, in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 30 June 2023, attached as Annex 1 to this report, indicating a budget underspend position of £399,000.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 30 June 2023, attached as Annex 2 to this report.

The 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 30 June 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

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.

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

June 2023

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
Central Administration	3,188.6	3,388.8	(200.2)	94.1	13.2
Law, Order & Protective Services	7.3	30.3	(23.0)	24.1	146.0
Other Services	387.2	563.0	(175.8)	68.8	11,190.9
Service Totals	3,583.1	3,982.1	(399.0)	90.0	11,350.1

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Central Administration	5	3	8	38%
Law, Order & Protective Services	1	1	1	100%
Other Services	8	7	17	41%
Totals	14	11	26	42%

Annex 2: Financial Detail by Service Area

June 2023

The following tables show the spending position by service function

General Fund

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Central Administration	PA					
Chief Executive		936.6	951.6	(15.0)	98.4	0.0
Corporate Services	1B	257.5	371.1	(113.6)	69.4	0.0
Finance		512.6	494.1	18.5	103.7	0.0
Development & Infrastructure	1B	503.1	663.2	(160.1)	75.9	0.0
I.T. and Facilities	1C	743.0	686.1	56.9	108.3	0.0
Legal Services		158.8	147.3	11.5	107.8	0.0
Cleaning Holding Account		77.0	75.4	1.6	102.1	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	13.2
Service Total		3,188.6	3,388.8	(200.2)	94.1	13.2

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Law, Order & Protective Services	PA					
Civil Contingencies	1B	7.3	30.3	(23.0)	24.1	146.0
Service Total		7.3	30.3	(23.0)	24.1	146.0

Other Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Corporate Management	1B	31.2	52.0	(20.8)	60.0	3,988.3
Corporate Priorities	1B	282.6	318.3	(35.7)	88.8	1,438.4
Area Support Team (CP)		4.1	3.9	0.2	105.1	18.2
Registration		4.8	9.5	(4.7)	50.5	63.6
Miscellaneous Property		17.9	20.3	(2.4)	88.2	252.1
Payments to Joint Boards		0.0	0.0	0.0	0.0	520.0
Elections	1B	0.2	11.1	(10.9)	1.8	41.9
Licensing		0.8	4.1	(3.3)	19.5	18.9
Grants	1B	59.1	71.8	(12.7)	82.3	198.4
Publicity		0.1	2.6	(2.5)	3.8	16.0
Twinning		(10.5)	(2.9)	(7.6)	362.1	34.4
Community Councils	1B	120.4	137.3	(16.9)	87.7	492.9
Interest on Loans and Balances		(1.3)	0.0	(1.3)	0.0	(372.0)
Miscellaneous - OS	1B	(89.3)	(21.2)	(68.1)	421.2	92.3
Movement in Reserves		0.0	0.0	0.0	0.0	459.3
Cost of Collection	1B	0.3	(12.8)	13.1	N/A	588.9
Finance Charges		(33.2)	(31.0)	(2.2)	107.1	3,339.3
Service Total		387.2	563.0	(175.8)	68.8	11,190.9

Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10B	<p>Corporate Services</p> <p>Less than anticipated expenditure by £113.6K</p> <p>Underspend due to staff vacancies and income from Scottish Office for seconded post.</p>	<p>Monitor the situation</p> <p>Review vacant posts and consider recruitment options and virement to accommodate seconded post.</p>	Andrew Groundwater	30/06/2023	Ongoing
R10D	<p>Development & Infrastructure</p> <p>Less than anticipated expenditure by £160.1K</p> <p>All variances are due to vacancies.</p>	<p>Monitor the situation</p> <p>This will be monitored while recruitment is open.</p>	Kenny Macpherson	30/09/2023	Ongoing
R10F	<p>I.T. and Facilities</p> <p>More than anticipated expenditure by £56.9K</p> <p>This is due in particular to increased licensing costs and committing to 3 and 5 year licences to create an overall cost benefit.</p>	<p>Raise virements request</p> <p>Raise a virement to accommodate immediate increased licensing costs that will be offset by year-end accrued income.</p>	Kenny Macpherson	26/07/2023	New

Law, Order & Protective Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R23F	Civil Contingencies Less than anticipated expenditure by £23.0K Main reasons for the variance are spend being behind budget and a vacancy creating staff cost underspend.	Monitor the situation The vacancy has now been filled and once the appointee starts the spend will normalise.	Kenny Macpherson	30/09/2023	Ongoing

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10G	Corporate Management Less than anticipated expenditure by £20.8K The main cause of the underspend is due to Corporate Services historical third party payments budget profiling not matching current spending.	Raise virements request Investigation to be completed. Virement will be completed for Corporate Management.	Alex Rodwell	31/08/2023	Ongoing

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10J	<p>Corporate Priorities</p> <p>Less than anticipated expenditure by £35.7K</p> <p>There was a delay in a service level agreement being signed which meant the first quarter payment was not paid as soon as anticipated as per the Voluntary Sector cost centre budget profiling. The rest of the underspend is attributable to staff vacancies.</p>	<p>Monitor the situation</p> <p>The voluntary sector budget will be realigned to actuals as soon as the payment is made.</p> <p>Look to recruit to vacant posts.</p>	Alex Rodwell	31/08/2023	Ongoing
R39F	<p>Elections</p> <p>Less than anticipated expenditure by £10.9K</p> <p>Historical budget expectations for spend within third party payments which will not occur due to the fact that there are no expected elections this year.</p>	<p>Raise virements request</p> <p>Raise a virement to update historical third party payments budget within the Scottish Parliament Election Expenses cost centre to match relevant budget trends against actuals.</p>	Alex Rodwell	29/09/2023	New

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R39H	<p>Grants</p> <p>Less than anticipated expenditure by £12.7K</p> <p>Grants applications are lower than profiled at this point in the year.</p>	<p>Monitor the situation</p> <p>Grants are difficult to accurately forecast as based on applications from the public and dependant on when the budget may be drawn.</p>	Erik Knight	31/08/2023	Ongoing
R39M	<p>Community Councils</p> <p>Less than anticipated expenditure by £16.9K</p> <p>This is attributed to less community council activity than anticipated.</p>	<p>Raise virements request</p> <p>Raise a virement to reflect correct budgeted staff cost and transfer payments against actual spend within Community Councils.</p>	Alex Rodwell	31/08/2023	New
R39T	<p>Miscellaneous - OS</p> <p>More than anticipated income by £68.1K</p> <p>There are some profiling issues to be corrected in the Miscellaneous cost centre which will account for £32k. The other main variance is in respect of the alternative energy funding the Council received which has not yet been committed.</p>	<p>Raise virements request</p> <p>Virements to be processed, where appropriate.</p>	Erik Knight	31/08/2023	Ongoing

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R39X	Cost of Collection Less than anticipated income by £13.1K Annual support licence was paid in May and the budget profile anticipated spend to be later in the year.	Raise virements request A Virement will be processed to amend budget profile to reflect when spend has occurred.	Erik Knight	30/06/2023	Ongoing