

## **Item: 4.2**

**Policy and Resources Committee: 27 November 2018.**

**Revenue Expenditure Monitoring – Summary.**

**Report by Head of Finance.**

### **1. Purpose of Report**

To advise of the summary revenue position as at 30 September 2018 across General and Non-General Fund service areas.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The summary revenue expenditure statement for the period 1 April to 30 September 2018, attached as Annex 1 to this report, indicating the following:

- A total General Fund underspend of £667,000.
- A surplus in Sources of Funding of £44,100.
- A net Non-General Fund surplus of £6,308,800.

#### **2.2.**

The financial detail across individual Sources of Funding for the period 1 April to 30 September 2018, attached as Annex 2 to this report.

### **3. Background**

#### **3.1.**

On 22 February 2018, the Council set its overall revenue budget for financial year 2018 to 2019. On 17 April 2018, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

#### **3.2.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

### **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:

- £10,000 and 10% more or less than Anticipated position (1B).
- £50,000 more or less than Anticipated position (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 Executive Directors and their staff. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

### **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 revenue expenditure summary statement is attached as Annex 1 to this report.

### **4.2.**

The financial detail across individual Sources of Funding is attached as Annex 2 to this report.

## **5. Corporate Governance**

This report relates to the Council complying with its governance and 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.**

A pay increase of 3% is included in the base budget for 2018 to 2019 which is yet to be agreed. The estimated cost of the backpay from 1 April to 30 September 2018 is as follows:

- £729,400 across General Fund Services which would change the current underspend position to an overspend of £18,300.
- £83,300 across Non-General Fund Services which would reduce the current surplus position to £6,225,500.

## **7. Legal Aspects**

Financial monitoring and reporting helps 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 Sources of Funding.

## Annex 1: Revenue Expenditure Summary

<b>General Fund Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/Under Spend</b>		<b>Annual Budget £000</b>
			<b>£000</b>	<b>%</b>	
Roads	1,415.0	1,545.7	-130.7	91.5	2,964.4
Transportation	1,883.7	1,957.4	-73.7	96.2	6,584.7
Operational Environmental Services	666.1	623.4	42.7	106.8	2,311.6
Environmental Health & Trading Standards	343.0	333.2	9.8	102.9	875.3
Development	954.3	1,000.3	-46.0	95.4	2,271.8
Planning	231.9	252.9	-21.0	91.7	930.8
<b>Development &amp; Infrastructure</b>	<b>5,494.0</b>	<b>5,712.9</b>	<b>-218.9</b>	<b>96.2</b>	<b>15,938.6</b>
Education	14,757.3	14,802.6	-45.3	99.7	31,179.3
Leisure & Cultural Services	2,194.6	2,126.4	68.2	103.2	4,122.2
Other Housing	619.0	600.5	18.5	103.1	1,470.5
<b>Education, Leisure &amp; Housing</b>	<b>17,570.9</b>	<b>17,529.5</b>	<b>41.4</b>	<b>100.2</b>	<b>36,772.0</b>
Social Care	9,185.3	9,195.5	-10.2	99.9	18,964.9
<b>Orkney Health &amp; Care</b>	<b>9,185.3</b>	<b>9,195.5</b>	<b>-10.2</b>	<b>99.9</b>	<b>18,964.9</b>
Central Administration	4,312.0	4,741.0	-429.0	91.0	113.2
Law, Order & Protective Services	34.2	37.0	-2.8	92.4	112.2
Other Services	1,160.1	1,207.6	-47.5	96.1	11,849.7
<b>Policy &amp; Resources</b>	<b>5,506.3</b>	<b>5,985.6</b>	<b>-479.3</b>	<b>92.0</b>	<b>12,075.1</b>
<b>Total Service Spending</b>	<b>37,756.5</b>	<b>38,423.5</b>	<b>-667.0</b>	<b>98.3</b>	<b>83,750.6</b>
<b>Sources of Funding</b>					
Non-Domestic Rates	-4,688.0	-4,687.8	-0.2	100.0	-9,376.0
Council Tax	-4,620.5	-4,577.8	-42.7	100.9	-8,851.0
Revenue Support Grant	-29,528.0	-29,526.8	-1.2	100.0	-59,083.7
Movement in Reserves	-4,962.2	-4,962.2	0.0	100.0	-6,439.9
<b>Total Income</b>	<b>-43,798.7</b>	<b>-43,754.6</b>	<b>-44.1</b>	<b>100.1</b>	<b>-83,750.6</b>
<b>Net Service Spending</b>	<b>-6,042.2</b>	<b>-5,331.1</b>	<b>-711.1</b>	<b>113.3</b>	<b>0.0</b>

## Annex 1: Revenue Expenditure Summary

<b><u>Non-General Fund</u></b> <b>Service Area</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/Under Spend</b>		<b>Annual</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
					<b>£000</b>
Sundry Accounts	394.7	563.5	-168.8	70.0	0.0
Repairs & Maintenance	-1,093.5	-1,269.5	176.0	86.1	0.0
<b>Asset Management Sub-Committee</b>	<b>-698.8</b>	<b>-706.0</b>	<b>7.2</b>	<b>99.0</b>	<b>0.0</b>
Housing Revenue Account	-324.7	-240.0	-84.7	135.3	0.0
Orkney College	37.6	-104.4	142.0	-36.0	0.0
<b>Education, Leisure &amp; Housing</b>	<b>-287.1</b>	<b>-344.4</b>	<b>57.3</b>	<b>83.4</b>	<b>0.0</b>
Scapa Flow Oil Port	-1,241.8	-831.2	-410.6	149.4	-1,257.3
Miscellaneous Piers & Harbours	-1,401.7	-910.8	-490.9	153.9	520.9
<b>Harbour Authority Sub-Committee</b>	<b>-2,643.5</b>	<b>-1,742.0</b>	<b>-901.5</b>	<b>151.8</b>	<b>-736.4</b>
Strategic Reserve Fund	-6,297.3	-825.5	-5,471.8	762.8	-6,849.5
<b>Investments Sub-Committee</b>	<b>-6,297.3</b>	<b>-825.5</b>	<b>-5,471.8</b>	<b>762.8</b>	<b>-6,849.5</b>
<b>Net Service Spending</b>	<b>-9,926.7</b>	<b>-3,617.9</b>	<b>-6,308.8</b>	<b>274.4</b>	<b>-7,585.9</b>

## Annex 2: Financial Detail by Service Area

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		-4,688.0	-4,687.8	-0.2	100.0	-9,376.0
Council Tax		-4,620.5	-4,577.8	-42.7	100.9	-8,851.0
Revenue Support Grant		-29,528.0	-29,526.8	-1.2	100.0	-59,083.7
Movement in Reserves		-4,962.2	-4,962.2	0.0	100.0	-6,439.9
<b>Service Total</b>		<b>-43,798.7</b>	<b>-43,754.6</b>	<b>-44.1</b>	<b>100.1</b>	<b>-83,750.6</b>

### Changes in original budget position:

Original Net Budget	-82,022.2
HR System Development from Innovation Fund	-62.7
Customer Services Platform from Innovation Fund	-135.3
Integra System Development from Innovation Fund	-48.7
Kirkwall Bid from Economic Development Grants Fund	-11.5
Kirkwall THI from RRR Fund	-169.4
Kirkwall THI Training from RRR Fund	-29.8
Office 365 Project from Repairs and Renewals Fund	-47.6
Empowering Communities from Sustainable Communities Fund	-96.4
Key Management Project from Innovation Fund	-5.0
Orkney Digital Media Project from Economic Development Grants Fund	-43.1
Pathfinder Project from Repairs and Renewals Fund	-60.6
EDRMS Budget from Innovation Fund	-61.5
Redetermination - Emergency Funding Private Water Supply	-10.0
Redetermination - School Clothing Grant	-10.0
Redetermination - Access to Free Sanitary Products	-7.7
Contribution to Education from Out of Orkney Placement Fund	-453.2
Contribution to OHAC from Out of Orkney Placement Fund	-411.1
Business Gateway ERDF from Economic Development Grants Fund	-33.7
Integrated Waste Facility Feasibility from Roads Project Fund	-31.1
	<b>-83,750.6</b>