



**Item: 3.3**

**Policy and Resources Committee: 26 November 2024.**

**Revenue Expenditure Monitoring – Summary.**

**Report by Head of Finance.**

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## **1. Overview**

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. 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. Annex 1 to this report combines the individual service revenue expenditure monitoring reports and summarises the position for the Council.
- 1.3. In terms of sources of funding, the income position at function level is attached as Annex 2, with an explanation of the causes of each material variance and corrective actions, attached at Annex 3.

## **2. Recommendations**

- 2.1. It is recommended that members of the Committee:
  - i. Note the summary revenue expenditure monitoring statement for the period 1 April to 30 September 2024, attached as Annex 1 to this report, indicating the following:
    - A total General Fund overspend of £942,600.
    - A surplus in Sources of Funding of £600,000.
    - A net Non-General Fund surplus of £1,823,800.
  - ii. Note the sources of funding statement for the period 1 April to 30 September 2024, attached as Annex 2 to this report,
  - iii. Scrutinise 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 appropriate action is being taken with regard to significant budget variances.

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**Implications of Report**

- 1. Financial:** The Financial Regulations state that Corporate 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, on a quarterly basis, the general levels of revenue expenditure incurred against approved budgets, across all service areas of the Council, is referred to the Policy and Resources Committee for scrutiny.
- 4. Human Resources:** N/A.
- 5. Equalities:** An Equality Impact Assessment is not required for financial monitoring.
- 6. Island Communities Impact:** An 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.
- 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, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

**Annexes**

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

## Annex 1: Revenue Expenditure Summary

September 2024

<b>General Fund</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/(Under)</b>	<b>Spend</b>	<b>Annual</b>
<b>Service Area</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
					<b>£000</b>
Roads	2,265.2	1,916.6	348.6	118.2	3,778.2
Transportation	8,359.9	8,671.7	(311.8)	96.4	7,463.6
Operational Environmental Services	1,056.3	805.2	251.1	131.2	3,186.1
Environmental Health & Trading Standards	443.0	432.7	10.3	102.4	1,122.6
Development	459.2	172.5	286.7	266.2	2,029.6
Planning	540.7	574.1	(33.4)	94.2	1,407.1
<b>Development &amp; Infrastructure</b>	<b>13,124.3</b>	<b>12,572.8</b>	<b>551.5</b>	<b>104.4</b>	<b>18,987.2</b>
Education	22,365.5	22,311.5	54.0	100.2	46,400.8
Leisure & Cultural Services	2,397.1	2,567.2	(170.1)	93.4	4,993.3
Other Housing	873.6	1,032.9	(159.3)	84.6	2,295.6
<b>Education, Leisure &amp; Housing</b>	<b>25,636.2</b>	<b>25,911.6</b>	<b>(275.4)</b>	<b>98.9</b>	<b>53,689.7</b>
Social Care	14,251.8	12,681.9	1,569.9	112.4	28,697.8
<b>Orkney Health &amp; Care</b>	<b>14,251.8</b>	<b>12,681.9</b>	<b>1,569.9</b>	<b>112.4</b>	<b>28,697.8</b>
Central Administration	5,940.0	6,426.4	(486.4)	92.4	13.2
Law, Order & Protective Services	56.1	60.1	(4.0)	93.3	170.7
Other Services	1,031.9	1,444.9	(413.0)	71.4	10,935.7
<b>Policy &amp; Resources</b>	<b>7,028.0</b>	<b>7,931.4</b>	<b>(903.4)</b>	<b>88.6</b>	<b>11,119.6</b>
<b>Total Service Spending</b>	<b>60,040.3</b>	<b>59,097.7</b>	<b>942.6</b>	<b>101.6</b>	<b>112,494.3</b>
<b>Sources of Funding</b>					
Non-Domestic Rates	(6,556.3)	(6,202.8)	(353.5)	105.7	(12,176.0)
Council Tax	(5,412.4)	(5,165.8)	(246.6)	104.8	(12,228.0)
Revenue Support Grant	(37,555.9)	(37,556.0)	0.1	100.0	(68,056.0)
Movement in Reserves	(20,470.0)	(20,470.0)	0.0	100.0	(20,034.3)
<b>Total Income</b>	<b>(69,994.6)</b>	<b>(69,394.6)</b>	<b>(600.0)</b>	<b>100.9</b>	<b>(112,494.3)</b>
<b>Net Service Spending</b>	<b>(9,954.3)</b>	<b>(10,296.9)</b>	<b>342.6</b>	<b>96.7</b>	<b>0.0</b>

## Annex 1: Revenue Expenditure Summary

September 2024

<b>Non-General Fund Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Sundry Accounts	534.2	329.0	205.2	162.4	0.0
Repairs & Maintenance	1,051.4	969.2	82.2	108.5	2,320.0
<b>Asset Management Sub-Committee</b>	<b>1,585.6</b>	<b>1,298.2</b>	<b>287.4</b>	<b>122.1</b>	<b>2,320.0</b>
Housing Revenue Account	432.3	630.0	(197.7)	68.6	(560.0)
UHI Orkney	387.3	(284.2)	671.5	(136.3)	0.0
<b>Education, Leisure &amp; Housing</b>	<b>819.6</b>	<b>345.8</b>	<b>473.8</b>	<b>237.0</b>	<b>(560.0)</b>
Scapa Flow Oil Port	(2,159.3)	(1,241.8)	(917.5)	173.9	(1,238.5)
Miscellaneous Piers & Harbours	(1,376.2)	13.8	(1,390.0)	(9,972.5)	(682.5)
<b>Harbour Authority Sub-Committee</b>	<b>(3,535.5)</b>	<b>(1,228.0)</b>	<b>(2,307.5)</b>	<b>287.9</b>	<b>(1,921.0)</b>
Strategic Reserve Fund	13,733.7	14,011.2	(277.5)	98.0	14,817.0
<b>Investments Sub-Committee</b>	<b>13,733.7</b>	<b>14,011.2</b>	<b>(277.5)</b>	<b>98.0</b>	<b>14,817.0</b>
<b>Net Service Spending</b>	<b>12,603.4</b>	<b>14,427.2</b>	<b>(1,823.8)</b>	<b>87.4</b>	<b>14,656.0</b>

**Annex 2: Financial Detail by Service Area****September 2024**

The following table shows the spending position by service function

<b>Sources of Funding</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Non-Domestic Rates	<b>1C</b>	(6556.3)	(6,202.8)	(353.5)	105.7	(12,176.0)
Council Tax	<b>1C</b>	(5,412.4)	(5,165.8)	(246.6)	104.8	(12,228.0)
Revenue Support Grant		(37,555.9)	(37,556.0)	0.0	100.0	(68,056.0)
Movement in Reserves		(20,470.0)	(20,470.0)	0.0	100.0	(20,034.3)
<b>Service Total</b>		<b>(69,994.6)</b>	<b>(69,394.6)</b>	<b>(600.0)</b>	100.9	<b>(112,494.3)</b>

**Changes in original budget position:**

Original Net Budget	(112,303.0)
Embedded Officer Post	(6.3)
CDF Budget Creation	(185.0)
	<u><b>(112,494.3)</b></u>

## Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
<b>R37A</b>	<p><b>Non-Domestic Rates</b></p> <p>More than anticipated income by £353.5K</p> <p>Changes within the Scottish Government systems resulted in receipts in advance of profile at the end of September. This will be corrected over time.</p>	<p><b>No action required</b></p> <p>Budget will align over time.</p>	Erik Knight	31/10/2024	Ongoing
<b>R37C</b>	<p><b>Council Tax</b></p> <p>More than anticipated income by £246.6K</p> <p>Receipts in current year are back on profile. The main variance is around prior year receipts. The budget in this area is not correctly profiled.</p>	<p><b>Monitor the situation</b></p> <p>Virement required in the prior year Council Tax receipts budget.</p>	Erik Knight	31/10/2024	Ongoing