

POLICY AND RESOURCES COMMITTEE: 16 FEBRUARY 2016

**REVENUE EXPENDITURE MONITORING REPORT
AS AT 30 NOVEMBER 2015**

**JOINT REPORT BY CHIEF EXECUTIVE,
EXECUTIVE DIRECTOR OF CORPORATE SERVICES AND
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE**

1. PURPOSE OF REPORT

- 1.1 To advise of the revenue position as at 30 November 2015 across each of the Service Areas for which the Committee is responsible.

2. RECOMMENDATIONS

The Committee is invited to note:-

- 2.1 the revenue expenditure statement in respect of the undernoted services for the period 1 April to 30 November 2015, indicating a General Fund underspend of £105,000:-
- 2.1.1 Central Administration;
 - 2.1.2 Law, Order and Protective Services; and
 - 2.1.3 Other Services; and
- 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.

3. POLICY ASPECTS

- 3.1 This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

4. INTRODUCTION

- 4.1 At its Special General Meeting held on 12 February 2015, as part of the budget setting process for 2015/16, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2015/16.

5. **BACKGROUND**

- 5.1 Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform committee members of the up to date financial position. From this committee cycle onwards quarterly REMRs are being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.
- 5.2 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.
- 5.3 Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:-
- 5.3.1 £10,000 **and** 10% more or less than Anticipated position;
- 5.3.2 £50,000 more or less than Anticipated position.
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements shown in Annex 1. 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 in Annex 2.
- 5.5 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.
- 5.6 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.

6. **FINANCIAL SUMMARY**

- 6.1 Annex 1 provides the detailed position by Service Area by Service Function. The table below provides a summary of the position across all Service Areas.

	Spend	Budget	Over/Under		Annual
	£000	£000	Spend		Budget
General Fund Services	£000	£000	£000	%	£000
Central Administration	5,815	5,828	-13	99.8	0
Law, Order and Protective	28	36	-8	77.8	110
Other Services	1,921	2,005	-84	95.8	10,377
Service Totals	7,764	7,869	-105	98.7	10,487

- 6.2 The budget underspend across the General Fund service areas is £105K, alternatively expressed as 98.7% of the anticipated net spending position for the year to date.

6.3 Across 3 service areas and 28 service functions, 3 Priority Actions (PAs) have been generated which identify the main areas of budget variance. The number of Priority Actions which are generated across a particular Service Area is an indicator of the level of control that exists across that service.

6.4 Compared to last month, the number of PAs have decreased as follows:-

Service Area	No. of PAs		Service Functions	PAs/ Function
	P7	P8		
Central Administration	3	1	10	10%
Law, Order and Protective	0	0	1	0%
Other Services	1	2	17	12%
Totals	4	3	28	11%

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

7. FINANCIAL IMPLICATIONS

7.1 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.

7.2 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.

8. LEGAL ASPECTS

8.1 Financial monitoring and reporting helps the Council meet its obligation to secure best value.

9. CONTACT OFFICERS

9.1 Alistair Buchan, Chief Executive, Ext 2101
chief.executive@orkney.gov.uk

9.2 Gillian Morrison, Executive Director of Corporate Services, Ext. 2103
gillian.morrison@orkney.gov.uk

9.3 Gavin Barr, Executive Director of Development and Infrastructure, Ext. 2301
gavin.barr@orkney.gov.uk

9.4 Gareth Waterson, Head of Finance, Ext 2103
gareth.waterson@orkney.gov.uk

10. ANNEXES

- 10.1 Annex 1: Revenue Expenditure Statements as at 30 November 2015
- 10.2 Annex 2: Budget Action Plans

Annex 1: Revenue Expenditure Statement as at 30 November 2015

		Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
						£000
Central Administration	PA					
Chief Executive		237	226	11	104.9	0
Administration		1,792	1,821	-29	98.4	10
Finance		973	1,007	-34	96.6	-9
Development and Env Services		1,365	1,364	1	100.1	34
Energy Efficiency Fund		-5	-13	8	38.5	0
Administration of Buildings		1,114	1,069	45	104.2	99
Administration Holding Accounts		36	40	-4	90.0	0
Legal Services		288	285	3	101.1	0
Cleaning Holding Accounts	1b	15	29	-14	51.7	0
Movement in Reserves		0	0	0	n/a	-134
Service Totals		5,815	5,828	-13	99.8	0

		Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
						£000
Law, Order and Protective Services	PA					
Civil Contingencies		28	36	-8	77.8	110
Service Totals		28	36	-8	77.8	110

Annex 1: Revenue Expenditure Statement as at 30 November 2015

		Spend	Budget	Spend		Budget
	PA	£000	£000	£000	%	£000
Other Services						
Corporate Management		626	665	-39	94.1	2,888
\$ Corporate Priorities		533	542	-9	98.3	777
Area Support Team (CP)		8	9	-1	88.9	29
Registration		18	25	-7	72.0	51
Miscellaneous Property	1b	7	33	-26	21.2	161
Payments to Joint Boards		24	24	0	100.0	325
Local Works and Services		7	7	0	100.0	8
Elections	1b	21	11	10	190.9	11
Licensing		-10	-6	-4	166.7	25
Grants		192	188	4	102.1	225
Publicity		13	15	-2	86.7	15
Twining		-13	-4	-9	325.0	7
Community Councils		164	169	-5	97.0	376
Interest on Loans and Balances		0	0	0	n/a	-347
Miscellaneous		27	21	6	128.6	58
Movement in Reserves		323	323	0	100.0	715
Cost of Collection		-19	-17	-2	111.8	509
Finance Charges		0	0	0	n/a	4,544
Service Totals		1,921	2,005	-84	95.8	10,377
\$ Corporate Priorities						
Community Planning Partnership		15	13	2	115.4	21
Corporate Learning and Development		66	65	1	101.5	130
Voluntary Sector		104	104	0	100.0	87
Compensatory Pensions		348	360	-12	96.7	539
		533	542	-9	98.3	777

Annex 2: Budget Action Plan

Central Administration					
Action Point	Function/Explanation	Action	Responsible Officer(s)	Deadline	Status
CA4	<p>Finance Underspend £34K</p> <p>Due to a combination of underspends, including supplies and services in Finance General and in Accountancy due to a staff vacancy at the beginning of the year.</p>	<p>Underspend due to staff vacancy will be utilised elsewhere within Corporate Services.</p> <p>I.T. upgrade costs are anticipated to be processed in the near future which will eliminate the supplies and services underspend.</p>	G Waterson	31/12/15	P5 Action - Completed
CA6	<p>Cleaning Holding Accounts Underspend £14K</p> <p>Underspend due to staff turnover and associated delay in filling posts.</p> <p>Staffing levels have improved and the team now has full staffing complements in Dounby, Stromness Academy, Stromness Primary, Glaitness, Papdale, and Council Offices. The only vacancy now is at KGS.</p>	<p>No action required.</p> <p>Continue to monitor.</p>	H Green	31/12/15 31/01/16	P6 Action - Ongoing

Annex 2: Budget Action Plan

Central Administration					
Action Point	Function/Explanation	Action	Responsible Officer(s)	Deadline	Status
CA7	<p>Administration Underspend £29K</p> <p>Underspend in respect of various vacant posts within several of the Administration cost centres.</p>	No action. Continue to monitor.	D Sherwood / A Groundwater	30/11/15	P7 Action - Completed

Annex 2: Budget Action Plan

Other Services					
Action Point	Function/Explanation	Action	Responsible Officer(s)	Deadline	Status
OS4	<p>Miscellaneous Property Underspend £26K</p> <p>Currently used to meet a number of miscellaneous costs which have not been required so far this year.</p> <p>These include a variety of energy and water charges for Council properties as well as other occasional property related costs which crop up from time to time, including advertising for sale/leasing and DV valuations on occasions.</p>	In principle these may not be best met from this budget and discussions will be held to see if this can be rectified for the 2016/17 budget allocation.	H Green	30/09/15 31/12/15 31/01/16	P5 Action - Ongoing
OS5	<p>Elections Overspend £10K</p> <p>Outstanding income due from the Scottish Government.</p>	No action required.	D Sherwood	31/12/15	New Action