

**Item: 4.1**

**Policy and Resources Committee: 24 September 2024.**

**Revenue Expenditure Monitoring.**

**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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Corporate Directors and their staff.
- 1.7. 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.

## 2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas for which the Policy & Resources Committee is responsible, for the period 1 April to 30 June 2024, attached as Annex 1 to this report, indicating a budget underspend position of £352,200.
- ii. Note the revenue financial detail by Service Area statement of service areas for which the Policy & Resources Committee is responsible for the period 1 April to 30 June 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.

### For Further Information please contact:

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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 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 Policy and Resources 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.

- 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: Financial Summary**

June 2024

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

<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>
Central Administration	3,392.4	3,581.2	(188.8)	94.7	13.2
Law, Order & Protective Services	20.8	27.8	(7.0)	74.8	170.7
Other Services	486.2	642.6	(156.4)	75.7	10,873.0
	<b>3,899.4</b>	<b>4,251.6</b>	<b>(352.2)</b>	<b>91.7</b>	<b>11,056.9</b>
<b>Service Totals</b>	<b>3,899.4</b>	<b>4,251.6</b>	<b>(352.2)</b>	<b>91.7</b>	<b>11,056.9</b>

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

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P02</b>	<b>P03</b>		
Central Administration	5	3	8	38%
Law, Order & Protective Services	0	0	1	0%
Other Services	7	1	17	6%
<b>Totals</b>	<b>12</b>	<b>4</b>	<b>26</b>	<b>15%</b>

## Annex 2: Financial Detail by Service Area

June 2024

The following tables show the spending position by service function

### General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
<b>Central Administration</b>						
Chief Executive		989.3	1,010.5	(21.2)	97.9	0.0
Corporate Services		324.4	359.9	(35.5)	90.1	0.0
Finance		511.7	496.9	14.8	103.0	0.0
Development & Infrastructure	<b>1B</b>	534.7	655.9	(121.2)	81.5	0.0
I.T. and Facilities		830.7	820.8	9.9	101.2	0.0
Legal Services	<b>1B</b>	132.1	151.2	(19.1)	87.4	0.0
Cleaning Holding Account	<b>1B</b>	69.5	86.0	(16.5)	80.8	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	13.2
<b>Service Total</b>		<b>3,392.4</b>	<b>3,581.2</b>	<b>(188.8)</b>	<b>94.7</b>	<b>13.2</b>

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
<b>Law, Order &amp; Protective Services</b>						
Civil Contingencies		20.8	27.8	(7.0)	74.8	170.7
<b>Service Total</b>		<b>20.8</b>	<b>27.8</b>	<b>(7.0)</b>	<b>74.8</b>	<b>170.7</b>

		<b>Spend</b>	<b>Budget</b>	<b>Over/(Under)</b>	<b>Spend</b>	<b>Annual</b>
<b>Other Services</b>	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
Corporate Management		65.0	68.7	(3.7)	94.6	4,046.5
Corporate Priorities		312.1	315.9	(3.8)	98.8	1,431.4
Area Support Team (CP)		3.5	4.0	(0.5)	87.5	18.9
Registration		3.8	9.7	(5.9)	39.2	64.2
Miscellaneous Property		22.6	19.3	3.3	117.1	248.2
Payments to Joint Boards		0.0	0.0	0.0	0.0	511.3
Elections	<b>1B</b>	(117.2)	11.4	(128.6)	N/A	42.3
Licensing		(92.3)	(83.8)	(8.5)	110.1	15.4
Grants		61.5	61.2	0.3	100.5	201.5
Publicity		17.2	17.5	(0.3)	98.3	21.0
Twinning		5.3	(3.0)	8.3	N/A	33.0
Community Councils		123.1	133.1	(10.0)	92.5	465.7
Interest on Loans and Balances		(3.8)	0.0	(3.8)	0.0	(500.0)
Miscellaneous - OS		1.5	5.0	(3.5)	30.0	(404.8)
Movement in Reserves		89.4	89.4	0.0	100.0	447.3
Cost of Collection		(13.5)	(5.8)	(7.7)	232.8	592.9
Finance Charges		8.0	0.0	8.0	0.0	3,638.2
<b>Service Total</b>		<b>486.2</b>	<b>642.6</b>	<b>(156.4)</b>	<b>75.7</b>	<b>10,873.0</b>

**Changes in original budget position:**

Original Net Budget	10,766.9
Budget Adjustment	<u>106.1</u>
	<b><u>10,873.0</u></b>

## Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
<b>R10D</b>	<p><b>Development &amp; Infrastructure</b></p> <p>Less than anticipated expenditure by £121.2K</p> <p>All cost centres are underspent. Main reason for this is due to vacancies. It should be highlighted that in some cases posts are having to be readvertised, which highlights the difficulty in recruiting skilled staff in certain posts.</p>	<p><b>No action required</b></p> <p>Recruitment processes are running in the majority of cases; the issue is the difficulty with the job market.</p>	Kenny Macpherson	31/07/2024	Ongoing
<b>R10I</b>	<p><b>Legal Services</b></p> <p>Less than anticipated expenditure by £19.1K</p> <p>Underspend is due to vacancies in the team. Efforts are being made to fill these posts.</p>	<p><b>Monitor the situation</b></p> <p>Continue endeavours to fill vacant posts. There will continue to be an underspend in the staffing budget to reflect the period across which posts remain unfilled.</p>	Gavin Mitchell	31/03/2025	New

## Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R100	<p><b>Cleaning Holding Account</b></p> <p>Less than anticipated expenditure by £16.5K</p> <p>In this case, the expenditure is broadly in line with plan. £482,000 actual spend while anticipated spend is £484,000, less than 1% variance. Recharges are slightly ahead of forecast, by 3%. The monitoring alert was triggered because planned and actual recharges are lower than actual spend.</p>	<p><b>No action required</b></p> <p>No action being taken. Will continue to monitor carefully.</p>	Kenny Macpherson	31/07/2024	Ongoing



## Other Services

<b>Function</b>	<b>Function Description/ Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>	<b>Deadline</b>	<b>Status</b>
<b>R39F</b>	<b>Elections</b> Less than anticipated expenditure by £128.6K Budget transferred to cost centre relating to costs for the snap UK Government General Election.	<b>Monitor the situation</b> Now that the general election has passed associated costs will be processed through the cost centre. We will monitor the situation and review once all costs are processed and the election accounts completed.	Alex Rodwell	30/08/2024	New