

## **Item: 3**

**Orkney Health and Care Committee: 29 March 2018.**

**Revenue Expenditure Monitoring.**

**Joint Report by Chief Officer/Executive Director of Orkney Health and Care and Head of Finance.**

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

To advise of the revenue position as at 28 February 2018 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 Orkney Health and Care for the period 1 April 2017 to 28 February 2018, attached as Annex 1 to this report, indicating an overspend position of £162,000.

#### **2.2.**

The revenue financial detail by Service Area statement in respect of Orkney Health and Care for the period 1 April 2017 to 28 February 2018, attached as Annex 2 to this report.

#### **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.

### **3. Policy Aspects**

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**

At its Special General Meeting held on 22 February 2017, as part of the budget setting process for 2017 to 2018, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2017 to 2018.

## **5. Background**

### **5.1.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month in order to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are now 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 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).

### **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. 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.

### **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.**

The financial summary for the period 1 April 2017 to 28 February 2018 is attached as Annex 1 to this report.

## **6.2.**

The details by Service Area statement is attached as Annex 2 to this report.

## **6.3.**

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.

# **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.

## **7.3.**

The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets e.g. depreciation and revaluations, current service cost of pensions and accumulated staff absences.

# **8. Legal Aspects**

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

# **9. Contact Officers**

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# **10. Annexes**

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.