

## **Item: 4.2**

**Policy and Resources Committee: 20 February 2018.**

**Revenue Expenditure Summary.**

**Report by Head of Finance.**

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

To advise of the summary revenue position as at 31 December 2017 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 31 December 2017, attached as Annex 1 to this report, indicating the following:

- A total General Fund underspend of £555,400.
- A deficit in Sources of Funding of £215,300.
- A net Non-General Fund deficit of £503,200.

#### **2.2.**

The financial detail across individual Sources of Funding for the period 1 April to 31 December 2017, including significant variances identified as Priority Actions, 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 revenue expenditure summary statement for the period 1 April to 31 December 2017 is attached as Annex 1 to this report.

## **6.2.**

The financial detail across individual Sources of Funding, including significant variances identified as Priority Actions, 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, for example 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 Officer**

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# **10. Annexes**

Annex 1: Financial summary.

Annex 2: Financial details by Sources of Funding.

Annex 3: Budget Action Plan.